

ITEM A995

POLICY: DISPOSAL COUNCIL LAND

(AS.090) (SECTION 80 LED 15-02-08) (MC 21-02-08)

2/7/6/1; 7/1/2; 9/1/12

RESOLVED THAT

1. the Disposal **of Council Land** be done in accordance with the provisions of the Supply Chain Management Policy, Supply Chain Regulations, provisions of the Municipal Finance Management Act (56 of 2003) and the provisions of the Local Government Ordinance (17 of 1939) and that the Disposal of Council Property Policy Guidelines be as follows:
 - 1.1 Council property be leased at a market-related rental, except when the public interest or the plight of the poor demands otherwise as prescribed by the Supply chain Management Policy and as indicated under 1.7 below;
 - 1.2 in the case of lease of Council land, all improvements must be removed by the lessee at the expiry of the agreement, should Council require it, at the cost of the lessee, failing which Council will remove the improvements, at the cost of the lessee;
 - 1.3 the standard period of lease be determined at three years, and that the approval of these leases be delegated to the Municipal Manager and that the LED, Tourism and Development Planning Committee be informed on a quarterly basis of the leases approved by the Municipal Manager.;
 - 1.4 leases for periods longer than three years be handled on merit and be submitted to the Mayoral Committee for consideration;
 - 1.5 leases for 10 years and longer be registered against the Title Deed of the property;
 - 1.6 a valuation for a market related rental only be obtained from the Council's valuator after a principle decision on the lease of the land to a specific applicant has been taken and that the applicant/successful tenderer be responsible for the valuation costs as determined by the sworn valuator, which costs must be paid in advance before request of the valuation;
 - 1.7 **Council land be leased to welfare organizations with a registration number as well as registered non-profitable organizations government institutions and schools, at 50% of the market related lease, subject thereto that proof of registration be submitted to Council;**
 - 1.8 **Council land be leased to religious institutions at market related lease for religious purposes, subject thereto that the following information be submitted to Council and subject to the procedures as contained in the Supply Chain Management Policy and the Municipal Finance Management Act:**
 - **Proof of amount of active members**
 - **Financial statements**

- **Indication of the amount which the church can afford; that leases for a maximum period of three years be approved by the Municipal Manager and that application for longer periods be handled on merit and be submitted to the Mayoral Committee for consideration;**
- 1.9 in case where the lease amount exceeds R500 per year rates are payable on the leased property;
- 1.10 **that the following conditions will apply when applications for Council land for the purpose of agricultural projects (poverty alleviation) and other poverty alleviation projects are received:**
- The land be made available at a nominal rental of R40 per month.**
 - **No administration and valuation fee will be payable.**
 - **That the lease of land for agricultural projects be exempted from the normal tendering procedures.**
 - **That the approval of the individual Agreements be delegated to the Deputy Municipal Manager: Economic Development Planning and IDP in co-operation with the MMC: Local Economic Development, Tourism and Development Planning;**
- 1.11 **land be leased to churches to erect a tent for a maximum period of three months subject to the following conditions:**
- That the land be leased at R1 per m² per month.**
 - An administration fee in accordance with the approved tariffs will be payable.**
 - **That the lease of land for the purpose of erecting a tent be exempted from the normal tendering procedures.**
 - **That the approval of the individual Agreements be delegated to the Deputy Municipal Manager: Economic, Development Planning IDP in co-operation with the MMC: Housing and Properties.**
2. the Policy Guidelines for the selling of Council land be as follows:
- 2.1 Council property or land be sold at market value (excluding land sold to registered non-profitable organizations or schools where the Department of Education confirms that provision has not been made for funds) and that any transfer of ownership of a capital asset be fair, equitable, transparent and competitive and consistent with the Supply Chain Management Manual and the provisions of the Municipal Finance Management Act (56 of 2003) but that in a case where proof of registration is not provided, the property be sold at full market value;
- 2.2 in a case where land cannot be developed as an entity on its own without consolidating it with the adjacent property, it be sold to the adjacent owner; in a case where there is only one adjacent owner, the application be dealt with as an unsolicited bid, but where two or more adjacent owners can utilize the portion, the route of an open bidding process will be followed; in such case rates will be payable on the consolidated erf;

- 2.3 land be sold at 50% of the market value to registered non-profitable organizations and schools as provided for in the provisions of the Supply Chain Management Policy and under Section 79(16)(a) and 79(17)(a) of the Local Government Ordinance (17 of 1939) which makes provision for the possibility of donations;
- 2.4 in cases where land is sold to non-profitable organisations or schools at 50% of the market value, a restrictive condition be included in the Title Deed to the effect that a further amount equal to 50% of the market value at that stage, be paid to Council by the applicant, should the property at any stage no longer be utilized for the original purpose, but that the option will exist that the property can revert back to Council at the original purchase price less 15%(deposit) and transfer costs and any other costs be for the account of the applicant;
- 2.5 in cases where land is sold at 50% of the market value or any reduced price, this amount must be reflected on the budget as income forgone;
- 2.6 it be noted that in terms of the Municipal Finance Management Act transfer of a capital asset to another municipality or to a municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by National Treasury, the disposal need not to be competitive as prescribed in section 14(1-5) of the Municipal Finance Management Act (56 of 2003), provided that such transfers are in accordance with a prescribed framework;
- 2.7 specific applications may be dealt with as unsolicited bids on merit, subject thereto that the procedures and prescriptions in terms of the Supply Chain Management policy and the Municipal Finance Management Act (56 of 2003) be strictly adhered to;
- 2.8 VAT (Valued Added Tax) will be added to the purchase price and that this condition will be included into the conditions of sale and tender documents and
- 2.9 the Disposal Procedures and Conditions of Sale attached to the report as **Annexure (pages 23 - 28)** be approved.