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## **A. BACKGROUND**

The City of Johannesburg ("CoJ") incorporated the City of Joburg Property Company (Pty) Ltd ("JPC") through Council Resolution dated 13 September 1999 to assume the CoJ's property management and property development functions.

A Service Delivery Agreement, dated 21 August 2002 was entered into between the CoJ and JPC in terms of which the CoJ appointed JPC as its Agent. JPC's authority is to generally represent the CoJ as its agent in respect of the City's portfolio and to do everything in the name of and for the account of the CoJ.

Furthermore, the CoJ has delegated certain powers to JPC by virtue of Council Resolutions dated 19 April 2001, Item 15; and 28 June 2001, Item 18.

These powers have been recorded in a detailed Special Power of Attorney, which was signed by the City Manager, Pascal Paul Moloi on 19 June 2002, and registered in:

- (1) Johannesburg Deeds Office on 20 September 2002 under PA716/2002; and
- (2) Pretoria Deeds Office on 18 September 2002 under PA1015/2002.

## **B. PROCEDURES**

An **APPLICATION FORM** is available for completion by any Applicant to be submitted to JPC for processing and obtaining approval.

### **I. INTRODUCTION**

1. It is the City of Johannesburg's ("CoJ") policy to dispose of property by public tender and that sales by private treaty will only be considered in exceptional circumstances. The CoJ does not undertake to sell specific property to an Applicant and the mere fact that an application is considered by the CoJ or its Agent City Joburg Property Company (Pty) Ltd ("JPC") does not imply that the Applicant acquires any prior right in the acquisition/lease of such property.
2. As JPC acts as an Agent of the CoJ, the comments and approval of all Departments within the CoJ and its UAC, Ward Councillors will be obtained by JPC before proceeding with an application.
3. Negotiation for the purchase/lease of property will be based on market related values/rentals.
4. Should the application be granted, the Applicant would further be liable for all costs of survey, advertising, valuation, closure, subdivision, rezoning, contributions to engineering or bulk services and any other related costs.

### **II. ALIENATION**

#### **1. SECTION 79(18) OF THE LOCAL GOVERNMENT ORDINANCE 17 OF 1939**

In terms of Section 79(18)(a)(i) the CoJ may sell exchange or in any other manner dispose of any immovable property of the CoJ, subject to compliance with the procedures set out below.

## **2. DELEGATED AUTHORITY**

CoJ Council Resolution dated 19 April 2001, Item 15: delegates authority to JPC:

3(1) to approve sales at or below R500 000-00;

3(2) to recommend sales to the CoJ above R500 000-00 for disposal.

Anything outside these limitations has to be recommended by JPC to the CoJ Council for approval.

## **3. IDENTITY OF PURCHASER**

Documents required upon signing approved Deed of Sale:

### **3.1 Private Person:**

1. Copy of Identity document
2. Marital status
3. Contact details: Postal Address, Work Address, telephone numbers.

### **3.2 Company / Close Corporation:**

1. Company: CM29 or Close Corporation: CK1/CK2 document
2. Resolution (signed by the Chairperson) of Company Board of Directors/Close Corporation Board of Members authorising (a) the transaction and (b) person signing on behalf of the entity.
3. Contact details: Registered Address, Physical Address, Postal Address, telephone numbers.

### **3.3 Trust**

1. Letter of Authority issued by the Master of the Supreme Court
2. Resolution (signed by all Trustees) authorising (a) the transaction and (b) person signing on behalf of the Trust.
3. Contact details: Registered Address, Physical Address, Postal Address, telephone numbers.

## **III. TENDER**

The following terms and conditions will apply:

1. No tender below the upset price will be accepted.

2. The Tender must include a deposit of 10% of the upset price.
3. JPC retains the privilege to withdraw any proposed tenders at their own discretion.
4. The City of Johannesburg/JPC does not bind itself to accept the highest or any tender.
5. The Offer to Purchase/Lease attached to the Tender Form must be completed and signed.
6. A binding contract shall be concluded upon despatch of a written "Acceptance of Offer".
7. The contract may not be assigned to a third party unless the tenderer states that he/she is acting on behalf of another person or a Company or Close Corporation to be formed.
8. The tender shall remain binding for 90days.
9. Provision is made for economic empowerment benefits, as per the Land Release Policy, which are only applied after the auction/tender process during adjudication and do not influence the bid offer in any way.

#### **IV. LEASE**

##### **1. SECTION 79(18) OF THE LOCAL GOVERNMENT ORDINANCE 17 OF 1939**

In terms of Section 79(18)(a)(i) the Council may let any immovable property of the Council.

##### **2. DELEGATED AUTHORITY**

CoJ Council Resolution dated 19 April 2001, Item 15 delegates authority to JPC to enter into leases:

clause 4(2) JPC Policies regarding leases;

clause 4(3) (a) lease value is at or above market valuation and

(b) where initial rental income is below R100 000/month and

(c) total lease period up to 50years (excl rates & taxes);

clause 4(4) rights being granted for capital improvements to the capital amount of R10million.

Anything outside these limitations has to be recommended by JPC to the CoJ Council for approval.

### **3. TYPES OF LEASE AGREEMENTS**

#### **3.1 Short-term Lease**

A short-term lease is an agreement entered into by the CoJ and a Lessee whereof the total lease period is less than 10 years, this would also include the renewal period. No notice is required in terms of Section 79(18) of the Local Government Ordinance, No. 17 of 1939.

#### **3.2 Long Term Lease**

The term in total is longer than 10years. Because of the term notices needs to be placed in terms of Section 79(18) to invite comments/objections from the public. Also note that this Agreement has to be registered against the Title Deed of the subject property.

#### **3.3 Encroachment Agreement**

It is a type of Lease Agreement in terms of which the registered owner of the land abutting a road reserve enters into an agreement with the CoJ, which gives him/her the right to encroach onto that road reserve. Therefore Council is permitted, through Section 63, to lease portions of the road reserve, which must be capable of being cleared within one months notice period. It can be used for temporary parking, landscaping or gardening purposes.

#### **3.4 SPORT CLUB LEASES**

#### **3.5 CELL PHONE MAST LEASES**

#### **3.6 OUTDOOR ADVERTISING AGREEMENTS**

#### **3.7 Use Agreements**

This is a type of Lease Agreement, granting consent to use remnants, small portions of properties, sanitary lanes and properties with maintenance burden, for gardening, parking and access purposes only.

#### **4. RATES & TAXES**

4.1 Section 4 of the Local Authorities Rating Ordinance, No.11 of 1977, determines:

*"a Local Authority may ...levy a rate or rates on the following property:*

*(a) land, including land or any portion of land which is the property of a local authority and which is let by it."*

Therefore the Lessee shall be liable for the payment of assessment rates in respect of the property as proclaimed by the CoJ from time to time.

4.2 The current annual rate in terms of the Local Authorities Rating Ordinance, 11 of 1977, are calculated in terms of the following formula:

**(1/7/2003-30/6/2004)**

**Municipal value of property (or pro rata value on portion leased)**

**x 0,103 (10,03 cents in Rand)**

**÷ 12 months**

**= monthly payment**

4.3 Furthermore, JPC does not have authority to grant exemptions or grants-in aid and should the Lessee apply for such exemption/grant-in-aid in respect of the assessment rates to the CoJ Department of Social Development. This Department will grant such exemption/grant-in-aid in terms of their "Policy on Social Funding". Upon approval, the Lessee shall make available proof of such grants to JPC for accounting purposes.

#### **5. IDENTITY OF LESSEE**

On signature of a Lease Agreement the following documents are required:

5.1 Private Person:

1. Copy of Identity document
2. Marital status
3. Contact details: Postal Address, Work Address, telephone numbers.

5.2 Company / Close Corporation:

1. Company: CM29 or Close Corporation: CK1/CK2 document.
2. Resolution (signed by the Chairperson) of Company Board of Directors/Close Corporation Board of Members authorising (a) the transaction and (b) person signing on behalf of the entity.
3. Contact details: Registered Address, Physical Address, Postal Address, telephone numbers.

5.3 Trust:

1. Letter of Authority issued by the Master of the Supreme Court.
2. Resolution (signed by all Trustees) authorising (a) the transaction and (b) person signing on behalf of the Trust.
3. Contact details: Registered Address, Physical Address, Postal Address, telephone numbers.

## **V ACQUISITION OF LAND**

### **1. SECTION 79(24) OF THE LOCAL GOVERNMENT ORDINANCE 17 OF 1939**

In terms of Section 79(24)(a)(i) the Council may hire, purchase, expropriate or in any other manner acquire any immovable property for the CoJ, subject to compliance with the procedures set out below.

### **2. DELEGATED AUTHORITY**

CoJ Council Resolution dated 28 June 2001, Item 18: delegates authority to JPC to acquire properties on behalf of the CoJ and transfer these properties into the name of the CoJ.

## **VI TEMPORARY PARK/ROAD CLOSURE**

### **1. SECTION 66 OF THE LOCAL GOVERNMENT ORDINANCE 17 OF 1939**

This Section applies to the closing of certain public places, being:

- (1) the temporary closure of any square, open or enclosed space, garden or park vested in the CoJ;
- (2) closure of any street, road or thoroughfare vested in the CoJ (a) permanently or temporarily for any particular class of traffic, procession or gathering or (b) temporarily for all traffic; or
- (3) divert temporarily any street, road or thoroughfare contemplated in (2) above.

Once the public place has been closed temporarily it may be let temporarily or the use thereof granted temporarily to any person on such terms and conditions as the CoJ may determine.

## **2. AUTHORITY**

The CoJ resolved on 20 March 2003 (Item50) to grant JPC the power to temporarily close a Public Place to let temporarily or to grant the use temporarily subject to:

- 2.1 Johannesburg City Parks be consulted regarding such closure if it is a Park and Johannesburg Roads Agency if it is a Road Portion/reserve;

**AND**

- 2.2 Ward Councillor be consulted regarding such closure.

## **VII PERMANENT ROAD CLOSURE ITO SECTION 66**

Section 66 of the Local Government Ordinance 17 of 1939 permits the Council to close a road permanently for a selected class of traffic. It is a traffic engineering provision, primarily used to control vehicular access to a major road or a pedestrian mall.

Once the public place has been closed temporarily it may be let temporarily or the use thereof granted temporarily to any person on such terms and conditions as the CoJ may determine.

## **VIII PERMANENT CLOSURE OF A ROAD/PARK ITO SECTION 67/68**

### **1. GENERALLY USED**

- 1.1 Road: the CoJ may permanently close a road, in terms of which new erf is created (if necessary consolidated with the adjoining erf) rezoned and sold. This is typically applicable to commercial redevelopments.
- 1.2 Park: The zoning of a park is "Public Open Space" and as soon as the rights of the public are restricted in the use of an Park, it should be closed, rezoned and usually sold or let. Together with this closure and rezoning an EIA / Scoping Report needs to be done and approved by Gauteng Department of Agriculture, Conservation, Environmental and Land Affairs. Due to the costs involved this is also typical to commercial development.

### **2. SECTION 67 OF THE LOCAL GOVERNMENT ORDINANCE 17 OF 1939: (ROAD)**

The CoJ may permanently close or divert any street or portion if there has been compliance with the conditions and procedures set out in this section. The procedures mainly require extensive notices being placed and the public being afforded 30 days to lodge objections.

If any objections were lodged a further report has to be tabled before the CoJ to consider these objections and (Sec 67(6)(a)) the CoJ shall consider every objection lodged and thereafter the CoJ may carry out the proposed closing or diversion.

### **3. SECTION 68 OF THE LOCAL GOVERNMENT ORDINANCE 17 OF 1939: (PARK)**

The CoJ may permanently close, either in whole or in part, any square, open space, garden, park or enclosed spaces, (vested in the CoJ ito Sec 63), provided the procedures stipulated in Section 67 are followed.

#### **4. AUTHORITY**

- 4.1 JPC will facilitate and administer the application for a formal permanent closure of either a road or park, and takes a report to the CoJ for approval by the Council of the actual permanent closure.
  
- 4.2 Any street closure relating to Security or Access Control needs to be approved by the Johannesburg Roads Agency ("JRA") in terms of the approved policy on Security Access Restriction, 17 April 2003. If JRA approves of the closure, only then may it be processed by JPC, subject to conditions imposed by JRA.

## **C. POLICIES**

# **I. LAND RELEASE POLICY**

## **I SALE vs LEASE**

The objectives of the portfolio include both the generation of long-term income as well as the sale of land (refer to the CoJ Portfolio objectives and Budget).

The point of departure is that lease transactions will be preferred to the outright sale of land. However, certain factors mitigate against lease including:

1. Property valued at less than R500 000;
2. Property zoned for residential purposes;
3. Property which is not strategically located.

The following determinants will predicate a long-term lease agreement:

1. Property with a valuation in excess of R500 000-00;
2. End users with a sound basis for revenue participation (Multi-tenanted, retail, commercial, fuel stations etc);
3. Property that is strategically located and thus subject to high demand.

## **II MARKET VALUATION AND FINANCIAL PARAMETERS**

All property transactions will be underpinned by a Market Valuation Certificate. The valuation will be performed by registered members of the Institution of Valuers. The valuations will be applied as follows:

### **1. PROPERTY SALES**

The valuation will serve to calculate the upset or reserve price subject to the exceptions tabulated in 3.3 below. (The reserve price will be 10% below market value).

### **2. LEASE TRANSACTIONS**

The rental structure for leasehold development transactions will be calculated using the following variables. (These parameters will be the minimum accepted).

Valuation	: Market Valuation per certificate
Initial Yield	: 10% pa
Internal Rate of Return	: 20%
Discount Period	: 25 years (irrespective of lease period)
Residual Structure Value	: zero
Discount Rate	: 15%
Rental Escalation Rate	: 6% pa

The variables will be used as the basis for the financial model which then calculates the initial and subsequent monthly minimum rentals.

The aforementioned parameters will be subject to periodic review as market forces dictate and will be agreed upon by the CMU prior to any changes.

### **3. EXCEPTIONS TO THE MARKET VALUATION**

As a Local Authority, the City of Johannesburg has a large number of socio-economic obligations and objectives.

In order to give effect to these objectives the following will apply.

#### **3.1 ECONOMIC EMPOWERMENT**

In order to further the CoJ's objectives in this regard the following increments will apply to land sales:

All properties submitted for alienation by the CoJ currently provide the following Empowerment benefits:

<b>Empowerment</b>	<b>Benefit</b>
None	No Benefit
Up to 25% Empowerment	2% increment on offer price
26%- 50% Empowerment	4% increment on offer price
51%- 75% Empowerment	6% increment on offer price
76%- 100% Empowerment	8% increment on offer price

**Note:**

- The above increments are only applied after the Auction or tender process and do not influence bid offer in any way
- The claimed Empowerment benefits are applied entirely at the discretion of the CoJ
- The CoJ retains the right to approve or reject any claims
- Bidders or tenders' claiming Empowerment benefits must prove the Empowerment component of their offer by completing the Empowerment Verification and Affidavit forms in the Offer to Purchase document

### **3.2 NGO's, SPORTS CLUBS, CHURCHES AND OTHER NON-PROFIT MAKING ORGANISATIONS**

The applicant will be furnished with an in principle lease/sale agreement at the market valuation.

The discount to be applied will be subject to the applicant applying for exception from normal rentals with either the CoJ's Community Development department, Sports and Recreation Department or the relevant UAC on the basis of policies approved. Once approval has been granted by the relevant department the following will apply:

- NGO's and churches will rent council land for a nominal amount. The applicant can thereafter apply for exemption from the CoJ should this amount be excessive for the applicant.
- Sports clubs will rent council sport facilities for a nominal amount and 10% of the rates applicable to that site unless the use of these facilities generates a revenue for the lessee in which case negotiations will be conducted to obtain a further income for the council. If the nominal amount and 10% on rates is excessive the sports club can apply to CoJ for exemption. Should the Lessee invest in improvements to the property, this should be discounted against the 10%.
- Small businesses that have approval from the relevant CoJ department can rent council owned land at a nominal amount for a short period.

The Deed of Sale or Lease in these instances will contain a reversionary clause to protect the CoJ from speculation.

### **3.3 SELECTED TENDER AND PRIVATE TREATY**

- In the instance where the property has a limited number of interested parties, or where the property has been designated for a specific use, a selected tender would be called.
- In the case where there is only one interested party in a property with low value, a sale or lease can be entered into directly.

- Use agreements are a further means where a party is able to occupy a site, that has little or low/no value, no access and is a cost to Council in terms of maintenance and rates.
- All long-term leases and sales are to be advertised in accordance with Section 79(18) of the Local Government Ordinance, 1939, thus ensuring that all major transactions are open to public objection and any further expression of interest.

### **III    TRANSPARENCY AND PRUDENCY          CONTROLS**

As a Local Authority, it is imperative that all transactions involving real rights (sales, servitudes and leases longer than 10 years) in property are conducted in a transparent fashion with a high degree of prudence control.

It is however, advisable to balance the interests of transparency with commercial reality to ensure that entrepreneurial endeavour is not compromised and that the property industry is not discouraged from making unsolicited proposals on properties in the portfolio.

The following policies will apply:

#### **1.    TRANSACTION INITIATED BY THE PUBLIC**

All transactions involving real rights to property will be advertised in the media (The Star; Beeld, or Sowetan and Notice Board at CoJ), to comply with Section 79 (18) of the Local Government Ordinance as well as public policy in this regard.

#### **2.    TRANSACTION INITIATED BY JPC**

Where property is offered to the market by JPC, the following policies will apply:

- 2.1 Land use and bulk service contributions will be finalised by JPC;
- 2.2 The offer to lease or purchase will be advertised in the media (The Star; Beeld, or Sowetan and Notice Board at CoJ);
- 2.3 The proposal call or tender documentation will be made available both electronically and in hard copy for a fee;
- 2.4 The proposal call or tender will be either on a sealed bid basis or by dynamic pricing auction.

### **3. UNSOLICITED PROPOSALS**

It is imperative that the CoJ is in a position to entertain unsolicited proposals on its portfolio (The proposals include property development proposals or land sales, property leases etc). The following policies will apply:

- 3.1 Proposals received will be analysed by JPC management and realistic propositions will be recommended to the JPC Board;
- 3.2 The site and proposal will be advertised in the media to elicit competitive proposals or objections from the public;
- 3.3 Should the advert elicit a response from the market, then a competitive proposal call will be initiated.
- 3.4 The final lease or sale transaction will be submitted to the JPC Board for approval or recommendation in line with the powers granted to JPC.
- 3.5 The prudence control will be by way of the market valuation certificate.

### **4. PROTECTION OF PUBLIC INTEREST.**

Local Ward Councillors will be notified of all significant transactions involving real rights on the portfolio situated within their Ward at the earliest possible stage.

# **II. POLICY ON THE RELEASE OF CITY OF JOHANNESBURG-OWNED LAND FOR "PUBLIC PLACES OF WORSHIP"**

## **I INTRODUCTION**

The Policy of the release of City of Johannesburg-owned ("COJ") land for "Public Places of Worship" must be read in conjunction with the approved Land Release Policy which governs the release to the market of COJ-owned property particularly insofar as delegation of authority to dispose of property based on transaction type and value is concerned.

The policy document is focussed on one transaction type - the lease or sale of COJ-owned property to applicant seeking to establish public places of worship.

The policy covers the following aspects:

- Problem statement;
- Approach;
- Market Valuation; and
- Subsequent protection of COJ's interests.

## **II PROBLEM STATEMENT**

- Demand for property for purposes of public worship far outstrips supply;
- Financial means and sustainability of applicant vary greatly;
- Traditional/established and "mushroom" organisations.

### **III PROCEDURE**

City of Joburg Property Company (Pty) LTD ("JPC") will, on behalf of the COJ, receive applications from the public for properties required for public places of worship. Such applications will be regarded as a specific transaction type and managed according to the directives contained in this policy.

#### **1. IN PRINCIPLE APPROVAL FROM COJ: DEVELOPMENT PLANNING:**

##### ***1.1 Newly / to be established townships:***

JPC will, in conjunction with COJ (Planning) identify and earmark properties suited for places of public worship and offer the relevant properties as such to the public.

##### ***1.2 Established townships:***

Upon receipt of one or more applications for existing properties to be utilised as places of public worship, JPC will obtain the in principle approval from COJ (Planning) for the utilisation of the properties in question as places of public worship.

#### **2. Offer to Public:**

JPC will offer the properties for sale or lease as places of public worship to the public by means of:

- 2.1 Printed advertisements in the relevant media;
- 2.2 On-site advertisement; and
- 2.3 Communications to the presiding local municipal ward councilor.

### **3. ADJUDICATION:**

Responses thus received will be subjected to a process of elimination based on the following considerations:

- 3.1 Standing in local society;
- 3.2 Role and contribution in local society - additional functions other than religious (e.g. children's day-care centre; youth centre; food-for-needy schemes; etc.);
- 3.3 Extent of following - not less than 400 members;
- 3.4 Extent and value of proposed improvements to the property;
- 3.5 Compensation offered - rental / purchase price;
- 3.6 Financial means - extent of own funds or ability to raise finance to effect
- 3.7 the necessary improvements;
- 3.8 Undertaking to commence with construction of improvements within 6 (six) months of allocation of property and completion of improvements within 12 (twelve) months thereafter;
- 3.9 Financial and general future sustainability of entity; and
- 3.10 Location of other suitable facilities in the vicinity of the property in question.

### **4. FINAL EVALUATION AND CERTIFICATION**

Applications making the grade on the aforementioned criteria will be forwarded to COJ (Community Development) for final evaluation and certification.

### **5. MARKET VALUE OF PROPERTIES**

A market value will be attached to COJ-owned properties to be disposed of as places of public worship. Such (reduced) market value will account for the restricted use of the property for "purposes of public worship". The future interest of the COJ disposing of the property at sub-optimal value must be the subject of legal protection in the events of:

- 5.1 The on-selling of the property to a third party at market value (without restriction of use for purposes of public worship);
- 5.2 The applicant abandoning the project/failing to secure finance/being liquidated/ceases to function.

## **6. SUBSEQUENT PROTECTION OF COJ INTERESTS**

The following trade restrictions should be imposed on the successful proponent to curb subsequent free trade with and undue benefit from the property acquired from the COJ for purposes of public worship:

- 6.1 Properties leased from COJ as public places of worship - property-use restriction imposed on Lessee. Any expansion of use is subject to prior written consent from JPC. Rental payable to COJ will be increased in accordance with the (commercial) expansion of property-usage;
- 6.2 (Former) COJ-owned properties alienated as public places of worship - inclusion of a pre-emptive right into the property title deed in favour of the COJ prescribing that the consent of the COJ be obtained in the event of the property in question being the subject of a sale and/or change of land-use (rezoning) transaction. JPC will, on behalf of the COJ, consider the removal of such title deed restriction after assessing the extent of the difference in the value of the property as a public place of worship and the alternative (permissible) land-use, respectively. The financial benefit due to the increase in the value as a result of the land-use amendment will be for the account of the COJ.

### **IMPLEMENTATION**

**This policy is to be implemented with effect from *1 November 2001*  
with retrospective effect on existing applications.**

# **III.POLICY ON THE RELEASE OF CITY OF JOHANNESBURG-OWNED LAND FOR "OUTDOOR ADVERTISING"**

## **INTRODUCTION**

The Policy on the release of City of Johannesburg-owned ("COJ") land for Outdoor Advertising must be read in conjunction with the approved Land Release Policy which governs the release to the market of COJ-owned property, particularly insofar as delegation of authority to conclude agreements of lease based on contract duration and value is concerned.

The policy document is focussed on one broad transaction type - the lease of COJ-owned properties to applicants seeking to utilise such property for the establishment of advertising surfaces for display to the general public.

The policy covers the following aspects:

- Problem statements;
- Policy statements;
- Approach and Adjudication; and
- Implementation.

## **PROBLEM STATEMENT**

- Demand for property for purposes of outdoor advertising far outstrips supply;
- Duopoly within outdoor advertising industry - two entities controlling disproportionate share of the outdoor advertising market;
- Highly competitive environment;
- Disparity in financial arrangements/rental calculations - percentage participation in end-user rental; up-front rental payments; or flat rates;

- Technically complex environment - statutory (law; by-laws; ordinances; regulations); environmental; land-use; road safety aspects; etc.; and
- Financial means and sustainability of applicants vary greatly.

## **POLICY STATEMENTS**

Applications from external entities for the establishment of advertising surfaces for display to the general public on COJ-owned property will be managed (received; processed; adjudicated and administered) based on the following principles of policy:

- Outdoor advertising opportunities will be made available in terms of a public tender process;
- Dilution of current duopoly situation - prevention of market domination by one/limited number of entities;
- Black economic empowerment throughout the outdoor advertising industry value chain - suppliers; outdoor advertising entity; maintenance;
- Social investment - affording direct and indirect benefits to the general public;
- Scaling-down of potential conflict of interests - separation of responsibilities (COJ economic benefit versus objective consideration/approval responsibility);
- Duration of lease arrangement will be of a short-term nature (five years) except in instances where the extent of capital investment warrants an extended lease term to sufficiently allow for capital redemption;
- Applications will be awarded on a weighted scoring system allowing credit for the following:
  - Initiative - applicant who identified the opportunity;
  - Financial (rental) offer;
  - Black economic empowerment (throughout value chain);
  - Social investment; and
  - Ability to do business (history/track record of applicant).

## **APPROACH**

The City of Joburg Property Company (Pty) LTD ("JPC") will, on behalf of the CoJ, receive applications from outdoor advertising entities for properties identified for outdoor advertising opportunities. Such applications will be regarded as a specific transaction type and managed according to the directives contained in this policy.

### *Current agreements/formal undertakings between CoJ and outdoor advertising entities:*

JPC will honour such agreements and formal undertakings (approvals) according to the legal provisions of such agreements/undertakings. Upon expiry or earlier termination of the aforementioned agreements/undertakings, such outdoor advertising opportunities will be re-evaluated to assess the viability of its continued availability as outdoor advertising opportunities. Based on the positive outcome of the aforementioned assessment, such opportunities will be offered to the market by means of the public tender process without any further benefit accumulating to the previous outdoor advertising rights holder.

### *Applications submitted by outdoor advertising entities in varying states of finalisation/approval:*

Applications previously submitted by outdoor advertising entities, in varying states of consideration, but for which final approval have not been issued in terms of the previous outdoor advertising policy of the COJ (Development Planning, Transportation and Environment - Outdoor Advertising) will be further processed and adjudicated in terms of the policy preceding the policy outlined in this document.

A period of twelve months from the date on which this policy is formally accepted by the COJ will be allowed to finalise these applications whereafter all applications will be regarded as new applications to be considered in terms of the new policy. Applications that have not been finalised upon expiry of this twelve-month period, will be regarded as new applications and considered in terms of this policy and the outdoor advertising entity that submitted these applications, will receive the benefit for such applications in terms of the "initiative"-aspect of the applications rating system.

**New applications submitted by outdoor advertising entities:**

New applications submitted by outdoor advertising entities will be considered in terms of this policy.

JPC will receive applications from outdoor advertising entities and will also, on its own accord, identify properties suitable for purposes of outdoor advertising. Such properties will be subjected to a general evaluation and feasibility assessment whereafter the properties making the initial grade, will be submitted to the following entities for in-principle approval:

- COJ (Development Planning, Transportation and Environment - Outdoor Advertising) - evaluation and consideration in terms of Integrated Development Plan; By-laws; Local Government Ordinances (LGO); and other relevant legal and statutory requirements.

JPC will, in terms of the provisions of the LGO, simultaneously advertise for notification and/or objection such applications (intention to create surfaces for the display of advertising material) to the general public. JPC will in this regard fulfil the role of the "applicant" in terms of the LGO; and

- COJ Utility, Agency or Corporate Entity which has title or jurisdiction over the outdoor advertising property in question - evaluation and consideration in terms of technical desirability

Upon receipt of positive response from the aforementioned entities (CoJ and relevant UAC(s)) including the amicable resolution of objections received in terms of the public notification process or the incorporation of suspensive conditions of approval, such in-principally approved properties are periodically offered to the market for lease through a public process by means of:

- Printed advertisements in the relevant media; and
- On-site advertisement.

Responses thus received are subjected to a process of adjudication by a panel comprising two representatives each from:

- JPC;
- COJ (Development Planning, Transportation and Environment); and
- Mayoral Committee - Municipal Enterprises Committee.

And awarded a score/rated in terms of the following weighted scoring system:

- Initiative (original/first application submitted for property under consideration) - 20/100;
- Financial offer - 40/100;
- Black economic empowerment:
  - Ownership; management; and control - 10/100;
  - Reverse integration (use of BEE suppliers) - 5/100; and
  - Forward integration (use of BEE maintenance service providers) - 5/100;
- Social investment associated with application - 10/100; and
- Ability to do business (history/track record of applicant) - 10/100.

Furthermore, a ceiling of 25% per any one applicant will be imposed on the awarding of applications.

### **SUBSEQUENT PROTECTION OF COJ INTERESTS (Enforcement)**

Further measures to be taken to ensure the protection of the COJ's interests, include:

- Prohibition of cession of outdoor advertising properties;
- Blacklisting of unscrupulous outdoor advertising entities; and
- Co-operation with COJ (Planning) i.t.o. enforcement and sanctioning.

### **IMPLEMENTATION**

This policy is to be implemented with effect from **17 April 2002** - the date on which the COJ issued a formal notice to the outdoor advertising companies of the intended change in policy in dealing with applications for outdoor advertising premises.

# D. APPLICATION FORM

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## APPLICATION FORM TO PURCHASE/LEASE PROPERTY OWNED BY THE CITY OF JOHANNESBURG

### PERSONAL DETAILS OF APPLICANT:

Name & Surname: \_\_\_\_\_

Postal Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Tel. (H) \_\_\_\_\_ (W) \_\_\_\_\_ (Cell) \_\_\_\_\_

Facsimile Number: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Should the Applicant be acting on behalf of a third party, a power of attorney and the following details of such party must be provided:

Name & Surname: \_\_\_\_\_

Postal Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Tel. (H) \_\_\_\_\_ (W) \_\_\_\_\_ (Cell) \_\_\_\_\_

### DETAILS OF PROPERTY BEING APPLIED FOR:

Property description: \_\_\_\_\_  
**(Erf no. + township / Holding no. + Agricultural Holdings / Farm portion + Farm)**

Street Address: \_\_\_\_\_

Zoning: \_\_\_\_\_

### **IMPORTANT NOTE:**

- A locality map indicating the property **must be attached**.
- If applying for *a portion of a property*, a sketch plan indicating the locality of the said portion together with dimensions must be attached.

- The locality plan and zoning can be obtained from the City of Johannesburg’s GIS Office at Tel: (011) 407-6184 / Fax: (011) 339 5582.

**DETAILS OF APPLICATION:** \*(Please indicate with X)

- Short-term lease (maximum 9 years and 11 months) - Period: \_\_\_\_\_
- Long-term lease (10 years and longer) - Period: \_\_\_\_\_
- Purchase

**INTENDED USE OF PROPERTY:** \*(Full details of the purpose for which the property would be leased/purchased must be given.)

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**MOTIVATION AND FURTHER COMMENTS:** \*(A full motivation for the application must be given together with any further details which may have relevance to the application, including the locality of the Applicant’s property, should this be relevant.)

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Kindly note that it is the Council’s policy to dispose of property by public tender and that sales by private treaty will only be considered in exceptional circumstances. The Council does not undertake to sell specific property to an Applicant and the mere fact that an application is considered by the Council does not imply that the Applicant acquires any prior right in the acquisition/lease of such property.

Kindly note further that before an application can be processed, a valuation of the property may be required, the cost of which will be for the Applicant’s account. All negotiation for the purchase/lease of property will be based on market related values/rentals. Should the application be granted, the Applicant would further be liable for all costs of survey, advertising, closure, subdivision, rezoning, contributions to engineering or bulk services and any other related costs.

This form should be returned to the following address:

THE CITY OF JOBURG PROPERTY COMPANY (PTY) LTD

9<sup>TH</sup> FLOOR, BRAAMFONTEIN CENTRE  
23 JORISSEN STREET  
BRAAMFONTEIN  
JOHANNESBURG

Or

**FAX: (011) 339-2727**

***IMPORTANT NOTE:***

*This application cannot be processed if it is not completed in full and all relevant information and documentation provided.*

Signed by Applicant: \_\_\_\_\_

Date: \_\_\_\_\_