

7.

**IN PRINCIPLE APPROVAL FOR THE ALIENATION OF UNREGISTERED ERF 7991 (A PORTION OF ERF 7642) HERMANUS (SITUATED AT 8A BALFOUR STREET, HERMANUS), 656M<sup>2</sup> IN EXTENT, BY MEANS OF A COMPETITIVE PROCESS**

**A Le Roux  
30 October 2024**

**Divisional Manager: Property Management**

**(028) 316 5623**

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### **1. Executive Summary**

To obtain in principle approval for the alienation of Unregistered Erf 7991 (a portion of Erf 7642) Hermanus, 656m<sup>2</sup> (SIX HUNDRED AND FIFTY-SIX SQUARE METRES) in extent (the "Property"), for residential purposes by means of a competitive process.

The locality of the Property is indicated on locality maps attached per "Annexure A1" and "Annexure A2".

### **2. Service Delivery and Budget Implementation Plan - IGNITE**

Planning and Development  
Property Management

### **3. Compliance with Strategic Priority**

Provision of democratic, accountable, and ethical governance

### **4. Delegated Authority**

None

### **5. Legal Requirements**

- Administration of Immovable Property Policy of the Overstrand Municipality, as amended
- Local Government: Municipal Finance Management Act, Act 56 of 2003 ("MFMA")
- Municipal Asset Transfer Regulations (R. 878 of 2008)
- Municipal Supply Chain Management Regulations (R. 868 of 2005)
- Overstrand Municipality Supply Chain Management Policy, as amended

### **6. Background/Discussion/Evaluation/Conclusion**

#### **Background/Discussion**

An application was received to purchase the Property for residential purposes.

The Property is 656m<sup>2</sup> (SIX HUNDRED AND FIFTY-SIX SQUARE METRES) in extent, undeveloped, vacant and situated at 8A Balfour Street, Hermanus. The Property is zoned Residential Zone 1: Single Residential. The Property is not serviced, but service connections are available in the vicinity, the connection fees of which shall be for the purchaser's account.

As there is a need for residential erven and as the Property is suited for residential purposes, it is recommended that it be made available in the open market by means of a competitive process.

### Evaluation

A. Evaluation in terms of the Administration of Immovable Property Policy of the Overstrand Municipality

The following conditions of said policy apply to this report:

**Paragraph 9.1(a): “The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, in terms of sections 14(2)(a) and (b) of the MFMA decided on reasonable grounds that the immovable property is not needed to provide the minimum level of basic municipal services.”**

The comments received from the relevant officials confirmed that the Property is not needed for the provision of the minimum level of basic municipal services.

**Paragraph 9.1(b): “The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, in terms of sections 14(2)(a) and (b) of the MFMA considered the fair market value of the immovable property and the economic and community value to be received in exchange for the immovable property in accordance with Section 14(2) of the MFMA.”**

HCB Valuations and Services (Pty) Ltd determined the market related value of the Property on 1 March 2024 at an amount of R590,000.00 (FIVE HUNDRED AND NINETY THOUSAND RAND) (VAT excluded).

**Paragraph 9.1(c): “The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, in terms of sections 14(2)(a) and (b) of the MFMA has as a consequence to 9.1(a) and (b) above approved in principle that the immovable property may be transferred or disposed of, and the method of disposal or transfer.”**

The purpose of this report is to request in principle approval from Council for the alienation of the Property by means a competitive process.

**Paragraph 15.1: “The transfer of immovable property must, except in the case of non-viable immovable property, be affected by means of competitive process, which may include a public or closed tender, auction or proposal call.”**

It is recommended that the Property be alienated by means of a competitive process.

**Paragraph 28: “All costs pertaining to a transaction shall be borne by the successful bidder/purchaser, e.g. survey, advertisements, valuation, rezoning, relocation or provision of services where necessary, etc. The Municipality may, however, waive its right to claim the costs should it be to its advantage to bear the costs.”**

The successful bidder will be liable for all costs pertaining to the transaction, excluding the cost for the valuation of the Property. Costs for the successful bidder will include, but is not limited to, a Section 14 advertisement, transfer costs, connection of services and any other costs pertaining to the transaction.

**Paragraph 29: “Should existing services need to be relocated or secured by means of the registration of a servitude in favour of the Municipality as a result of the alienation of the immovable property, all related costs shall be for the account of the successful bidder/purchaser.”**

The Principal Technologist confirmed that services servitudes for municipal services infrastructure must be registered over the Property in favour of the Municipality.

**Paragraph 32. “Save with prior approval, the immovable property alienated may only be used for the purpose for which it was originally sold and purposes permitted by town planning scheme regulations pertaining to such purposes.”**

A clause to this effect will be included in any deed of sale to be entered into between the Municipality and the successful bidder.

**Paragraph 34: “A 10% deposit of the agreed/tendered purchase price will be due and payable by the purchaser/successful bidder within 10 days of date of request in writing thereof by the Municipality.”**

A clause to this effect will be included in any deed of sale to be entered into between the Municipality and the successful bidder.

**Paragraph 35: “Interest on the purchase price, as from date of signature of the deed of sale, must be charged by the Municipality**

***should payment or transfer be delayed due to an action or failure on the part of the successful bidder/ purchaser.”***

A clause to this effect will be included in the deed of sale to be entered into between the Municipality and the successful bidder.

**B. Advertisement/Notification**

The necessary advertisement in terms of the MFMA will be published after the tender is duly awarded. The successful bidder will be liable for the costs of the advertisement.

**Conclusion**

It is recommended that the Property be alienated for residential purposes by means of a competitive process, at not less than the market related value.

Furthermore, it is recommended that the successful bidder be liable for all costs, excluding the costs for the valuation of the Property. Subsequent costs will entail the aforementioned advertisement, transfer costs and connection of services.

**7. Financial Implications**

The Municipality stands to gain a market related purchase price to the minimum amount of R590,000.00 (FIVE HUNDRED AND NINETY THOUSAND RAND) (VAT excluded) for the Property.

**8. Staff Implications**

None.

**9. Comments from other Departments, Divisions and Administrations**

**Principal Technologist: Civil Hermanus: Mr. T Marx**

*“The Department: Operational Services, Hermanus do not have any objection with regards to this application, the successful bidder just has to take care not to build closer than 1 meter from the services. It will be a wise decision for the future to register a servitude for the services.”*

**Senior Town Planner: Ms H van der Stoep**

*“The property is zoned Residential Zone 1: Single Residential. No objection.”*

**Divisional Manager: Building Control: Mr L Coetzee**

*“No objection. A building plan application must be submitted for any proposed structure/s to be erected and must comply with all applicable law.”*

**Senior Superintendent: Technical Planning (Network Simulation Optimization): Mr J Klem**

*“There are no comments on the proposal.”*

**Principal Technologist: Development Control: Mr R Andrew**

*“The Engineering Services Department has no comment.”*

**Assistant Chief: Fire, Health and Safety: Mr E Solomon**

*“The Fire Department has no objection.”*

**Senior Superintendent: Traffic Operations: Mr P de Gruchy**

*“Traffic Department has no objection towards this application.”*

**Manager: Environmental Management & Conservation: Ms P Aplon**

*“This office has no objection to this application.”*

#### **10. Annexures**

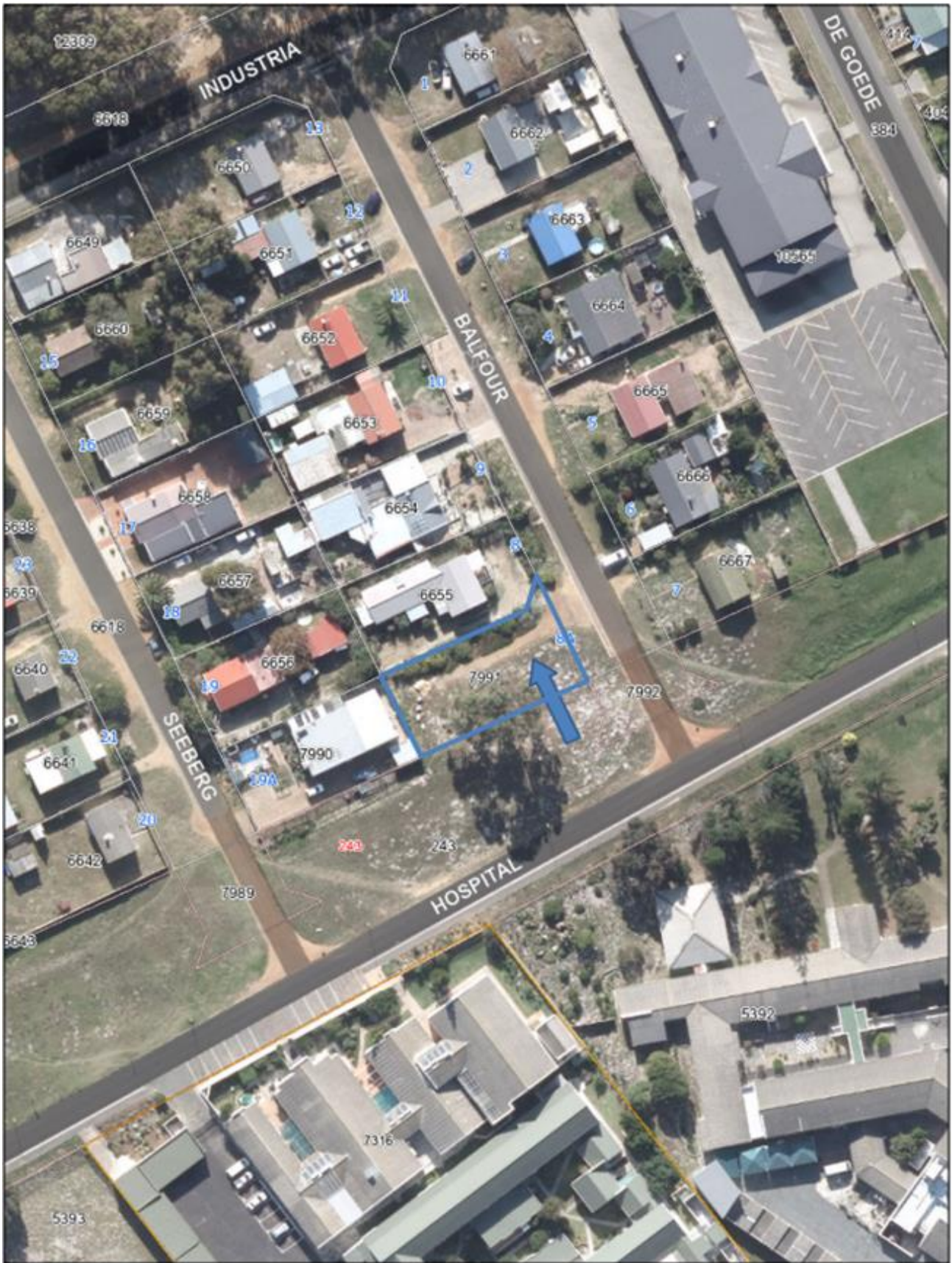
Annexures A1 & A2:      Locality Maps  
Annexure B :              Locality Map showing Municipal Services

#### **RECOMMENDATION TO THE COUNCIL:**

1. that the alienation of Unregistered Erf 7991 (a portion of Erf 7642) Hermanus, Hermanus (656m<sup>2</sup> in extent) by means of a competitive process at a market related price for residential purposes, **be approved in principle**;
2. that all the costs pertaining to the transaction, for example the transfer costs, water, sewer and electricity connections, registration of servitude for services and the required advertisement, but excluding the valuation cost, be paid by the successful bidder/purchaser,
3. that the successful bidder/purchaser registers services (water and sewerage) servitudes, in favour of the Municipality, against the title deed of the Property, at its own cost, simultaneously with the registration of the transfer; and
4. that it is hereby confirmed by Council that the municipal property herewith envisaged to be alienated is not required for the provision of basic municipal services in terms of paragraph 5 of the Administration of Immovable Property Policy approved by Council on 25 November 2015 and Section 14 of the Local Government: Municipal Finance Management Act (Act 56 of 2003).

<b>RESPONSIBLE OFFICIAL :</b>	<b>M BEKKER</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>26 MARCH 2025</b>
<b>TARGET DATE TO INFORM APPLICANT:</b>	<b>26 MARCH 2025</b>
<b>TARGET DATE TO INFORM OBJECTOR:</b>	<b>N/A</b>

ANNEXURE A1





ANNEXURE B

