

**8.
A PORTION OF ERF 5467 KLEINMOND (AMANDELBOOM AVENUE,
KLEINMOND): RENEWAL OF LEASE OF MUNICIPAL PROPERTY TO
KLEINMOND JUKSKEI CLUB**

**A Le Roux Divisional Manager: Property Management
2 October 2024**

(028) 316 5623

1. Executive Summary

To obtain approval to enter into a further lease agreement with Kleinmond Jukskei Club, (hereinafter referred to as “the Club”), in respect of municipal property, being a portion of Erf 5467 Kleinmond ($\pm 2,905\text{m}^2$ in extent) situated in Amandelboom Avenue, Kleinmond (hereinafter referred to as “the Property”), for a period of 9 (NINE) years and 11 (ELEVEN) months for the purpose of sport and other sport related activities, specifically a jukskei club.

The locality maps are attached hereto as Annexures “A1” and “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

Executive Mayor

5. Legal Requirements

- Administration of Immovable Property Policy of the Overstrand Municipality (2015)
- Municipal Asset Transfer Regulations (R. 878 of 2008)

6. Background/Discussion/Evaluation/Conclusion

Background/Discussion

The Club has been using the Property for the past 30 years for sport, sport related activities and a jukskei club. Over the past years, the Club has developed the Property for the purposes of exercising the sport of jukskei and the improvements made to the Property by the Club were partly done with private funding, donations and assistance from the Municipality.

The last lease agreement was for a period of 9 (NINE) years and 11 (ELEVEN) months which commenced on 1 December 2014 with an expiration date of 31 October 2024 for the purpose of sport and other sport related activities, specifically a jukskei club.

The Club applied for the renewal of the lease of the Property for a further period of 9 (NINE) years and 11 (ELEVEN) months. Although the application to renew was received timeously, the process was delayed due to the Club not responding timeously on correspondence sent to the Club.

The Club is still paying the rental as per the agreement. No complaints were received from the community during the previous lease period. The municipal account is paid up to date.

Evaluation

A. Administration of Immoveable Property Policy of the Overstrand Municipality

The following conditions of said policy apply:

Paragraph 4: “No application for the purchase, lease of or encroachment on immovable property (save for the instances mentioned in paragraphs 58 to 62 and 64.1 below) shall be processed unless the prescribed application fee as per tariff approved in the annual budget for that financial year has been paid, nor shall any proposed lease or encroachment (save for the instances mentioned in paragraphs 58 to 62 and 64.1 below) be advertised unless the applicant has confirmed, in writing, that he/she will bear all costs involved in such transaction including – but not limited to – legal, survey, re-zoning, sub-division, consolidations, advertisement, relocation or provision of services and, where applicable, a deposit as per prescribed rate to cover incidental costs has been paid.”

As the application for renewal was received before the expiry of the last agreement there is no need for a formal application form to be completed and no application fee is payable.

Paragraph 17: “Taking into consideration the nature and duration of the lease to be entered into, the leasing of immovable property may be affected by means of either:

17.1 a competitive process, which may include a closed or public tender or proposal call, specifically in circumstances listed in paragraph 18 below; or

17.2 a direct lease”.

Paragraph 18: “A competitive process must at all times be followed in circumstances where:

- 18.1 the lease is for a long term with an income value in excess of R10 million;**
- 18.2 the lease is for a formal business premises with a market related rental;**
- 18.3 more than one party, in discretion of the municipality, is interested in the lease of the subject property; and/or**
- 18.4 by discretion of the municipality, a competitive process will best serve the interests of the community”.**

Although the lease is for a long term the income value will not be close to R10 million. The Property is not a business site, and the rental charged will not be a market related rental. The Club plays an important role in the community of Kleinmond and in particular by providing sport and recreation, it is recommended that the Property be leased directly to the Club without following a competitive process.

Paragraph 20.1: “The Municipality may grant a long-term lease of municipal immovable property with an income value of less than R10 million only after:

- a) The Accounting Officer has approved the lease in principle;**
- b) In the case of a direct lease, the proposed lease was advertised in terms of paragraph 10.1 and 10.2 above to invite the local community and other interested parties to submit comments or representations; and**
- c) The Executive Mayor, as delegated authority, has approved that the right may be granted.”**

The Club applied for the renewal of the lease agreement which was approved in principle by the Municipal Manager on 14 June 2024 for a period of 9 (NINE) years and 11 (ELEVEN) months, subject to a public participation process being followed and further subject to the approval by the Executive Mayor as delegated authority of the long-term lease.

The Executive Mayor's approval is hereby sought, and the proposed lease was advertised in The Overstrand Herald on 20 September 2024 for a 30 (THIRTY) day comment/objection period. No objections have been received.

Paragraph 26: “In cases where a rental amount has been approved in the annual budget of the Municipality for certain types of leases and encroachments, the approved amount will be used for purposes of determining the rental amount”.

The tariff for the lease of municipal property to registered Social Care Institutions/ Organisations/ NPO's/ PBO's/ Sport facilities/ Community organisations will be levied. The agreement will be from 1 November 2024 with a monthly rental amount of R188.70 (ONE HUNDRED AND EIGHTY-EIGHT RAND AND SEVENTY CENTS) (VAT excluded) per

month. The agreement will stipulate that the rental amount will escalate annually in accordance with the tariff as approved in the Annual Budget.

Paragraph 36: “All costs pertaining to a transaction, e.g. survey, advertisements, valuation, relocation or provision of services where necessary, shall be borne by the Lessee. The Municipality may, however, waive its right to claim all or any portion of the costs. Where necessary a deposit to cover the costs may be required.”

The Club will be liable for the payment of all costs relating to the renewal of the lease agreement which in this case so far is only the advertisement costs.

Paragraph 47: “Subject to paragraph 46 above, immovable property let by the Municipality shall be inspected at least once a year by the Municipality to ensure compliance with the terms and conditions of the agreement of sale or lease.”

The Property will be inspected by the Property Management Division at least once a year.

It is further confirmed that the other Conditions of Lease as stipulated in paragraph 36 – 50 of the said policy will be included in the lease agreement.

B. Advertisement/Notification

An advertisement for the lease of the Property was published in The Overstrand Herald on 20 September 2024 for a 30 (THIRTY) day objection/comment period. No objection/comment was received.

Conclusion

With reference to the above discussion, it is recommended that the lease of the Property to the Club be approved for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 November 2024 at a rental amount of R188.70 (ONE HUNDRED AND EIGHTY-EIGHT RAND AND SEVENTY CENTS) (VAT excluded) per month.

7. Financial Implications

The Municipality stands to gain rental in the amount of R188.70 (ONE HUNDRED AND EIGHTY-EIGHT RAND AND SEVENTY CENTS) (VAT excluded) per month from 1 November 2024 where after the rental amount will escalate annually on 1 July in accordance with the tariffs stipulated in the Annual Budget as approved by Council.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Senior Town Planner - Ms H van der Stoep

"No objection."

Divisional Manager: Building Control – Mr L Coetzee

"Building control has no objection."

Divisional Manager: Expenditure, Fleet & Asset management – Mr J Vorster

"As this is a revenue generating proposal with no intention to dispose of the asset, there is no objection."

10. Annexures

Annexures A1 & A2: Locality maps

RECOMMENDATION:

1. that the lease of municipal property, being a portion of Erf 5467 Kleinmond, situated in Amandelboom Avenue, Kleinmond, to the Kleinmond Jukskei Club for a period of 9 (NINE) years and 11 (ELEVEN) months for the purpose of sport and other sport related activities, specifically a jukskei club, at the rental amount of R188.70 (ONE HUNDRED AND EIGHTY EIGHT RAND AND SEVENTY CENTS) (VAT excluded) per month from 1 November 2024 in terms of the Administration of Immovable Property Policy of the Overstrand Municipality, **be approved**; and
2. that the rental amount mentioned in 1 above escalate every year on the 1st of July in accordance with the tariffs stipulated in the Annual Budget as approved by Council, the next escalation to be on 1 July 2025.

RESPONSIBLE OFFICIAL :

R OCTOBER

TARGET DATE FOR IMPLEMENTATION :

4 DECEMBER 2024

TARGET DATE TO INFORM APPLICANT:

11 DECEMBER 2024

TARGET DATE TO INFORM OBJECTOR :

N/A



