

PORTFOLIO COMMITTEE :

COMMUNITY SERVICES

Chairperson :

Cllr R Nutt

Committee Members :

**Ald K Brice, Cllrs S Williams,
K Ngqandana and B Nombula**

COMMUNITY SERVICES PORTFOLIO COMMITTEE

8 November 2023

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**AGENDA of the
Portfolio Committee : Community Services
4 October 2023
(Also the agenda for the Mayoral Committee Meeting: 11 October 2023)**

**1.
REDUCTION OF TARIFF FOR ONRUS CARAVAN PARK SEMI-PERMANENT
STANDS**

**A Wyngaard
30 August 2023**

Senior Manager: Hermanus Administration

(028) 313 8112

1. Executive Summary

The Council approved tariff for the annual rental for the 2023/2024 financial year for a semi-permanent stand at Onrus the Caravan Park increased with 97.22% from the previous financial year. It is proposed that Council consider the request from the Mr Smit on behalf of a group of the lessees as indicated in the attached correspondence marked Annexures A and B.

2. Service Delivery and Budget Implementation Plan - IGNITE

Community Services
Onrus Caravan Park

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Promotion of tourism, economic and social development

4. Delegated Authority

None

5. Legal Requirements

Constitution of South Africa, 1996

6. Background/Discussion/Evaluation/Conclusion

Background

The 2023/2024 Council tariffs were reviewed and approved by the Council during the 2022/2023 IDP and Budget process for the 2023/2024 financial year. The tariff for the annual rental for the lease of a semi-permanent stand at the Onrus Caravan Park increased by 97.22% as indicated in the table below:

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4 October 2023
(Also the agenda for the Mayoral Committee Meeting: 11 October 2023)**

Description	2023/2024 Exclude VAT	2023/2024 Include VAT	2022/2023 Exclude VAT	2022/2023 Include VAT	Percentage Increase
Rental per annum R30J1	R31 304.35	R36 000.00	R15 873.04	R18 254.00	97.22

The annual approved tariff increases for the previous two financial years were:

Description	2022/2023 Exclude VAT	2022/2023 Include VAT	2021/2022 Exclude VAT	2021/2022 Include VAT	Percentage Increase
Rental per annum R30J1	R15 873.04	R18 254.00	R15 189.57	R17 468.00	4.2

Description	2021/2022 Exclude VAT	2021/2022 Include VAT	2020/2021 Exclude VAT	2020/2021 Include VAT	Percentage Increase
Rental per annum R30J1	R15 189.57	R17 468.00	R14 605.22	R16 796.00	3.8

Discussion

The current lease agreements for the semi-permanent stands ended on 30 June 2023. The lease agreements were renewed with the new tariffs and were supplied to the current lessees. The lessees were afforded time to sign the contracts and sign the indemnity form as to indemnify the Municipality should any damage occur to their assets on the municipal property at the Onrus Caravan Park. Multiple formal complaints were received from them expressing concerns over the large increase in the rental amount. The group of the lessees appointed Mr Deon Smit as their representative. A meeting was held with the Municipal Manager, the Senior Manager: Hermanus Administration, Legal Department and the representative where the representation of the interested and affected parties' concerns were discussed. Many of the lessees stated that they were unable to afford the large increase in annual rental and that the increase was not in line with the other increases of approximately 6%.

The representative made the following proposal in writing:

**AGENDA of the
Portfolio Committee : Community Services
4 October 2023
(Also the agenda for the Mayoral Committee Meeting: 11 October 2023)**

1. *Escalation for 2023/24 period to be 20% of the 2022/23 rate;*
2. *Escalation for the remaining two years linked to inflation – to be agreed and fixed at 7% per annum rounded up from the current CPI annual percentage number, looking forward over two years;*
3. *These escalation rates for (1) and (2) above are to be written into the new Leases of the Semi-Stands;*
4. *The rental escalations of (2) are to be qualified in the Leases subject to any reasonable future budgetary requirements by the Caravan Park over this period – with specific reference to 2025 and 2026.”*

It is therefore requested that Council consider the proposal from the lessees as to the reduced annual increase of the rental.

7. Financial Implications

The annual rental income per semi-permanent stand will decrease. The financial impact can however only be determined if the request is approved.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Finance Department: E Hooneberg

The contents of the report are noted.

Property Administration: A Le Roux

The rentals fixed in the annual tariffs for matters dealt with by the Property Administration Department escalated from 5.4% up to 6.78% depending on the type of lease with the approval of the 2023/2024 tariffs. The CPI escalation implemented on the various leases managed by this department for the 2023/2024 financial year was 6.3%. An escalation of 97.22% can be seen by the Court as unreasonable. As it is not clear how the initial rental was determined years ago, it might be better to obtain a formal valuation and phase in the amended rental amount, if a reduction is approved. This should then also be implemented at the Gansbaai Caravan Park where there are also semi-permanent stands.

10. Annexures

- Annexure A: Complaint received from Mr D Smit
- Annexure B: Follow up letter from Mr D Smit

**AGENDA of the
Portfolio Committee : Community Services
4 October 2023
(Also the agenda for the Mayoral Committee Meeting: 11 October 2023)**

RECOMMENDATION TO THE COUNCIL:

that Council consider reducing the annual rental tariff R30J1 for the leasing of semi-permanent stands at the Onrus Caravan Park.

RESPONSIBLE OFFICIAL :

A WYNGAARD

TARGET DATE FOR IMPLEMENTATION :

30 SEPTEMBER 2023

**AGENDA of the
Portfolio Committee: Community Services
8 November 2023
(Also the agenda for the Mayoral Committee Meeting: 15 November 2023)**

**1.
REDUCTION OF TARIFF FOR ONRUS CARAVAN PARK SEMI-PERMANENT
STANDS**

**A Wyngaard
30 August 2023**

Senior Manager: Hermanus Administration

(028) 313 8112

**THIS MATTER SERVED BEFORE THE COMMUNITY SERVICES PORTFOLIO
COMMITTEE ON 8 NOVEMBER 2023, WHICH COMMITTEE RECOMMENDED AS
FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

that Council consider reducing the annual rental tariff R30J1 for the leasing of semi-permanent stands at the Onrus Caravan Park.

RESPONSIBLE OFFICIAL :

A WYNGAARD

TARGET DATE FOR IMPLEMENTATION :

13 DECEMBER 2023

Anver Wyngaard

From: Deon Smit <property@farmwiscap.co.za>
Sent: Monday, 26 June 2023 15:21
To: Anver Wyngaard; Dane Laing
Subject: FW: Notice received from D Laing : URGENT ONRUS SEMI
Attachments: ONRUS CARAVAN PARK - SEMIS SIGNED COVER LETTER - JUNE 2023.pdf

Good day Mr Wyngaard,

Trust you are well Anver. I am responding on your notice dated 22 June 2023 requesting that Onrus Resort semi-permanent tenants indicate their intention for a further lease period extension of 3 years. The notice was received on Friday 23 June 2023 and I am not sure that all tenants are in the position to respond in time. Acceptance of this agreement would activate a new Rental agreement for the next period. The request is that completed new Lease agreements should reach the Lessor by 30 June 2023. If not completed and signed by the due date it can result in cancellation of the lease agreement. I am writing this mail to you in my personal capacity as a Tenant, but also on behalf of numerous other semi-permanent Tenants, more than 35 and growing, who requested in writing that I respond on their behalf to clarify matters. Some Tenants have their reservations to commit to a lease extension for a further 3 years without having the detail of the new contract. I feel we can get around this as it is in my opinion only an indication of future intention.

The rental escalation of 95%+ indicated in the new Lease agreements is drastic, and I am sure there is motivation on your side for this request. Although we understand the reason for a yearly escalation, we would like to have an opportunity to discuss the matter with you to understand why an escalation of 95% is necessary, substantially higher than normal yearly inflation related escalation as was the case in the past. Can we request that for the reasons mentioned above you please consider extending the effective date of 30 June 2023 for contracts to be signed to 30 July 2023 (can be effective from 1 July 2023 and after agreement), to enable discussion and understanding why such a drastic escalation is necessary. If you would consider extending the effective date for signage of rental agreements to 30 July 2023, communication around a higher-than-normal price increase should eliminate a lot of misconceptions as to why this step is necessary as well as a lot of unnecessary administration. I believe that the notice is too short for all tenants to respond by 30 June 2023. It is school holiday, and I am sure there are many people that has not receive your notice and not aware of your request.

Your favourable response on the above will be appreciated. As mentioned, we would like to set up a meeting with you at your offices to discuss the above. Please advise a date and time that will suit you.

Best regards

Deon Smit
 Semi Plot 201
 Onrus Resort

Tel: 021 875 5943
 Cell: 083 675 3376

From: Dane Laing <dlaing@overstrand.gov.za>
Sent: Friday, June 23, 2023 8:45 AM
To: Deon Smit <deon@subtropicoint.co.za>
Subject: URGENT ONRUS SEMI

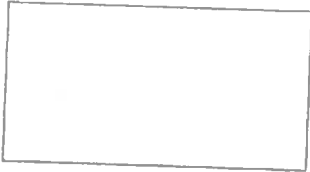
Good day
 Please respond on or before the 26th June 2023

Date: 2019/08/20

From: Robert Mungai

To: "Lizanne Esterhuizen" <lizanne@overstrand.gov.za>

Mobile: 079-396 7239 Phone: 028-316-1210/1704



Overstrand

Municipality

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1894

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Vision Statement: "To be a centre of excellence for the community"

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Deon Smit
083-675-3376
property@farmwisecape.co.za
C/o Onrus Semi-stand Lessees
(Appendix A - List of Lessees having signed Power of Attorneys)
onrussemistands@gmail.com
Onrus Caravan Park

18 August 2023

The Council
Overstrand Municipality
Overstrand Civic Centre
Magnolia Street
Hermanus

SUBJECT: ONRUS CARAVAN PARK'S LESSEE REQUEST FOR A REVISION OF THE MUNICIPALITY'S PROPOSED RATE INCREASES FOR 2023_2024

Dear Council Members,

I am writing on behalf of my constituency by power of attorney, which is also the Municipality's constituency, as regards the lessees of the semi-stands at Onrus Caravan Park. I hope this letter finds each council member in good health and high spirits. I am writing in response to an invitation from the Municipal Manager's office as regards the proposed Municipal rental escalation rates put forward for 2023 and 2024, specifically as they relate to the semi-permanent camping stands in the Onrus Caravan Park (the Semi-Stands) for the next financial year.

Background

The unexpected and unprecedented escalation hike of nearly a hundred percent in one year, put forward as a rate escalation connected to the contract renewal process for pre-existing lessees (Lessees) of these Semi-Stands, leaves many Lessee stakeholders connected to your constituency in an untenable financial position. All of which were communicated at short notice in July upon receipt of a contract renewal deadline set for the end of the same month. The proposed rental escalation was so material that many Lessees had immediately sought legal advice and many were keen to seek legal recourse, not least through the courts alternatively the Western Cape Rental Housing Tribunal. Actions, all of which were halted by the group writing to you now.

Notwithstanding our efforts to engage in a consultative manner, knowing ultimate discretion lies with the Council, it is important to note that the unreasonable rate escalation immediately prior to the lease extension has been interpreted by many as falling squarely within a common law concept referred to as the "Prevention Principle". On the balance of facts, where an unreasonable rate hike is introduced immediately prior to contract

negotiations, courts have often construed such actions and the conspiring factors to be construed as forcing a default or *ab initio* inability to perform regardless of the intent of the party, the Municipality in this instance.

However, in light of many decades of mutual trust having been built up between generations of Lessees at the Onrus resort, and the goodwill of various municipal management teams of the Overstrand Municipality over the years, a group of 61 Lessees (Appendix A) have organised themselves into a collective discussion forum. We are intent on giving the Municipality the benefit of the doubt in this situation, that in the absence of any prior stakeholder consultation, the Council members may have inadvertently overlooked very relevant and important considerations and factors associated with the pegging of escalations - during the Council's original decision making process.

Considerations

I will be sharing this information and critical factors for the Council's retrospective deliberation and consideration, which the Lessees believe may have been overlooked as I've mentioned, as part of this opportunity to get matters on even keel. An opportunity extended to us to reach an amicable agreement with the Council members, through civil engagement and consensus, as regards an appropriate and transparent metrics to use in setting the annual escalation rates for the Semi-Stands.

This letter also constitutes a focussed effort by the Lessees to steer clear from unnecessary impasses and even potential legal action, witnessed in other resorts in the vicinity which the Lessees believe is not any of the party's interests nor will it lead to productive outcomes. Even just a few Lessees embarking on any form of action outside of this process kindly facilitated by Messrs. O'Neill, Wyngaard, and Olivier on the 25th of July 2023 at your offices, will inevitably lead to unfortunate consequences for the majority of Lessees as well as the Council Members and Municipality benefitting from upfront annual lease payments from the Lessees. We believe all parties are seeking a sensible resolution to accommodate sensitive budgets, both sides of the fence, within the current economic climate. I personally believe a compromise reached within this forum would be a huge win-win-situation for everyone.

However kindly allow me to first share the Lessees' appreciation of both the Overstrand Municipality vision for the Caravan Park and foresight over the years in overseeing the property's infrastructure upkeep and continuation of its functional management, and preservation of its aesthetically pleasing environmental features. The Lessees also wish to express their consensus in terms of our appreciation of the appointment of Dané Laing and the assignment of Anver Wyngaard with specific regard to the welfare of the Onrus Caravan Park in ensuring the highest standards of service delivery are maintained for Lessees and campers alike.

Escalations used to "catch-up" post COVID

The Lessees are united in their concern that amidst the damaging inflationary pressures on all users and consumers in general, the proposed rental escalation simply does not correspond to *industry practice* i.e. primarily being qualified by the immediate previous

year's inflationary numbers. Annual escalation numbers are typically derived retrospectively from the published Consumer-Price-Index (CPI) at year-end or at the end of a lease period.

We understand that Council members have sought to bring escalations in line with the previous seven years from 2015. This is a major concern.

It is analogous to playing catch-up for the seven years of abundance having preceded COVID years, by doing so in the seven years of famine thereafter. The only difference being that the catch-up period was aggregated into the first year post-COVID. And that particular year's rental escalation without any clarity on the remaining two years thereafter. This is neither reasonable on the whole nor proportional in distribution over time. It also does not display any regard for the demonstrated goodwill and economic support of the Lessees over many years and more recently displayed by the continued Lessee support of the resort during the very COVID lock-downs that are now causing economic distress. Please remember our unwavering support during the same period now used to "catch-up" rates, not least by pensioners and ordinary middle-class families that constitute your Lessees in the Onrus caravan park.

We have also benchmarked the proposed Municipal escalation rate against various similar lease arrangements in adjacent resorts and our research show that the rental escalation as proposed for Onrus resort is completely out of sync with its peers. This implies that another metrics, other than CPI were used as the Council's determining considerations.

Before we consider other potential considerations, we want to labour the point that any general economic consideration with respect to escalations has to be on point and accurate as at a particular and relevant point in time in order to be fit for purpose. It is not reasonable practice in the market for an annual escalation to serve as a catch-up mechanism over multiple years regardless of any evidence pointing to the same. Especially to the extent that it appears in our situation to have been applied retrospectively with respect to seven "good" preceding years that have now been overtaken by a likely run of seven potentially "lean" or harsh years.

The only overriding factor that negates this principle in practice relates to a type of consumer (or lessee in our case), that due to their affluence, is largely considered to be immune to CPI variances. We have reason to believe that some of the considerations discussed by Council members that have led to the proposed rental escalation increase for 2023/2024, were influenced by this very type of consumer. This being property price increases linked to holiday homes in the same municipal constituency from which the affluent owners of such properties benefit through capital growth on their investments.

There are amongst many things a number of major problems with any metrics linked to these types of properties and the economic demographic of their owners. The first being ownership in the free market versus the leases or lessees in the rental market, the second being the economic demographics of the owners of these properties enjoying capital growth on such properties, compared to the Lessees receiving rights associated with services rendered by the Caravan Park and the Municipality and no capital benefit.

Allow us therefore to point you next to the economic demographics represented within the resort, comprised within your political constituency of Onrus. In order for you to consider your Lessees against the economic demographic of property owners which we believe will manifestly reveal comparisons between the housing market and the Caravan Park as an incorrect metric. Especially when we compared the affluence associated with adjacent beach front properties next to the Semi-Stands in your constituency with the Lessees. In the absence of private ownership it is imperative to keep the Council's fiduciary responsibilities owed to the public at the forefront of its considerations in terms of comparing apples to apples.

Economic Demographics of Lessees vs Property Owners

Camping and caravanning attracts all spheres of the economic demographic specifically because of its focus on the outdoors experiences as opposed to amenities and luxuries. For budget-conscious individuals and families, camping provides a cost-effective way to enjoy nature and outdoor activities without the high expenses associated with vacations in beachfront holiday homes. Camping in Onrus' still affords ordinary individuals and families, capable of being defined as the "public" at large, an opportunity to be close enough to the ocean to hear and smell the sea without having to buy and own a property with its own benefits and disadvantages.

Onrus Resort has therefore traditionally offered a more affordable holiday option for those on a tight budget whilst we would argue primarily appealing to the middle-class demographic - intentionally seeking out the rustic experience of camping. What campers and Semi-Stand Lessees have in common is the desire to disconnect from the stresses of modern life and reconnect with nature, and appreciate the simplicity of outdoor living. On this particular topic it would be wrong to forget the family legacy created in partnership with the Onrus resort within this mindset. Grandparents and retired citizens wishing to foster an appreciation of nature for grandchildren and children alike. Thus, camping's adaptability and wide range of offerings make it an attractive recreational choice for families from all spheres of life and means.

Therefore despite the resort's location next to beachfront palaces it is simply not reasonable to use affluent holiday home owners of adjacent properties as a benchmark from an affordability perspective or as a metric to peg rental escalation rates. The beauty of the Caravan Park lies amongst many other things within its diversity and inclusivity of all economical demographics amidst expensive luxury holiday homes. The campers passionately united in the abovementioned values and benefits of the Onrus Caravan Park for the common good and enjoyment of all outdoors enthusiasts using the resort.

The disappointing reality as already mentioned is that the Lessees are not even protesting against affordability issues linked to ordinary inflationary increases in the charges associated with their lease of the Semi-Stands. The Lessees are objecting to an escalatory increase more than ten-fold the rate of inflation levied in one financial year. Increases potentially linked to comparisons and valuations completed on private real estate in the area and owners from a completely different economic demographic. The Lessees can therefore only

attribute this unreasonable rental escalation adjustment to the application of a potentially incorrect price adjustment metric used for private property.

Inflation as a suitable Escalation metric

Although the Lessees are mindful of the necessity of rental escalations associated with any form of lease, it remains important to note that escalations are usually very closely aligned to inflation figures that in general affect these ordinary middle-class families and quite a few pensioners. It is also critical for the Council to be mindful of how the significant burden of recent inflationary measures across the board have placed additional pressures on the budgets of ordinary people, not least through the erosion of their purchasing power and increased cost of living.

The majority of Lessees as consumers have found it increasingly challenging to maintain their ordinary standard of living and enjoyment of holidays without a corresponding increase in their income. Something the communication within this forum has highlighted. Higher interest rates, impacting borrowing costs for mortgages, loans, and credit cards, have strained household budgets many of whom had to exhaust capital during the lock-downs of COVID. Ordinary people with fixed incomes or limited wage growth, bear the brunt of this economic phenomenon, making it increasingly difficult for them to meet their daily needs and achieve long-term financial stability.

We are however not making excuses for an annual inflationary escalation. Annual consumer price inflation escalation rate was disclosed as 6,3% in May 2023, measured over twelve months. Overstrand's proposed escalation in July 2023 was nearly 100% for twelve months. It is not unreasonable to associate the linked lease extension as a direct form of economic discrimination, if not a case study of the Prevention Principle touched on earlier.

Rental rate Escalations vs Homeowners' rate Escalations

Although not having been privy to the minutes of the meeting having crystallised the Council's decision to put the current escalation rate forward with respect to Semi-Stands - the Lessees have reason to believe there may have been and an inadvertent misunderstanding by the Council in terms of possibly having mistakenly overlaid a homeowners metric on a leasehold arrangement. I.e. looking at a property escalation rate as opposed to a rental escalation rate metric with respect to the lease agreements of the Semi-Stands between the Municipality and the Lessees.

Whilst there is no debate that the adjacent beachfront and other properties have experienced significant capital growth from a property valuation perspective, this valuation methodology is, with the greatest respect, not the appropriate metric to apply with respect to lease arrangement in the open market. It is furthermore critical to remember that the Onrus Caravan Park leases are not open market rental arrangements, but leases between Overstrand Municipality, the resort and the Lessees. There is no open market or even secondary rental market associated with Air-B&B's etc. at play.

On the rental escalation point vs private real estate escalation metric, please remember the fact that the Lessees do not own the Semi-Stands and therefore do not have the benefit of selling property in the open market. Moreover escalating rates and taxes for residential property and rental escalations are completely distinct concepts with different implications. Escalating rates and taxes for residential property are attached to increases in property taxes imposed by the local government on homeowners based on the assessed value of their properties. Such an increase typically occurs periodically and is intended to fund public services, infrastructure, and other municipal expenditures. Our understanding is that the Semi-Stand rental escalation were heavily influenced by property valuations conducted by the Municipality in 2022, following on from the previous valuations that were done in 2015. This is as set out above neither a fair nor an appropriate escalation metric.

Rental escalations on the contrary should pertain to the periodic increases in rent that landlords may implement for their tenants. These rental escalations are often influenced by factors such as inflation, infrastructure and service delivery as opposed to capital growth of freehold properties. Whilst escalating rates and taxes affect homeowners directly including their overall cost of living it is also directly connected to capital growth and increased market prices associated with their properties as valued in the open market. Rental escalations in turn impact tenants, potentially affecting their housing affordability and financial stability. It is crucial for the Council to be aware of these different types of escalations to make informed decisions regarding the different types of escalations of rates and taxes reserved for both types of markets and agreeing on a transparent escalation metric for 2023/24 and every following year, on an annual basis.

Having pointed out the closed rental or lease arrangement at play and its constraints on the escalatory benefits landlords and real-estate agents enjoy, the Lessees will however as a concession consider the open market's annual rental escalation numbers in this discussion. Particularly as a compromise for the Municipality to use as opposed to having to "pick a number" somewhere between the government's CPI metric and private property escalation rates, as a more appropriate metric to be considered under the circumstances.

Proposed, Reasonable Rental Escalation Metric

Despite the discussion pertaining to the most appropriate metric used, it is finally important to note that the Lessees have already been subject to rate escalations over the years. **These escalations were more akin to CPI numbers. Our calculations indicate an aggregate escalation rate of approximately 42% over the period 2015 until 2022, or approximately 6% on average per annum, without splitting hairs on compounding.**

Research done by our members (that are available on request) suggest that general Rental Escalations in the area were approximately 9% on average per annum. Once again we have to stress that in terms of finding middle ground, some compromises will be necessary. The annual Rental Escalation percentage for Onrus is, as mentioned, not really fit for purpose as regards the leasing of the Semi-Stands.

We do believe it is the most appropriate metric under the circumstances despite the glaring difference between "leasing" or "renting" Camping spots as opposed to holiday homes. Also despite the difference in comparing market conditions, i.e. the demand for rental properties within the Council's constituency versus the fact that the Lessees cannot Air-B&B or freely sub-let their Semi-stands. Thirdly, Overstrand Municipality received the property in question to manage on behalf of the public, as opposed to having acquired it like the affluent neighbouring minority of home owners and therefore shouldn't really be allowed to simply pass on valuation escalations in rates and taxes to tenants associated with the general holiday rental market dynamics of Onrus. Not even mentioning the wider housing market of the Overstrand area. Whilst it might seem straightforward for the Municipality to simply pass costs down to the Lessees, the reality is more complex. The rental market operates within the context of supply and demand, and within the Onrus Caravan Park this is even more complex due to the restrictions associated with the Semi-stand leases as we've already pointed out.

Notwithstanding these differences the aggregate escalation rate in the open rental market of Onrus represents a number of approximately 63% over seven years or an average of 9% per annum over the period 2015 until 2022. These numbers can be interrogated with us on demand.

This leaves a difference in terms of escalation rates paid by the Lessees over seven years of approximately 21% compared to the open rental market over the period 2015 until 2022.

Lessee Proposition

In light of all of the above this forum of Lessees wishes to put the following proposal to the Council for its revision of the rental escalation of the Semi-Stands for the next three years:

1. Escalation for 2023/24 period to be 20% of the 2022/23 rate;
2. Escalation for the remaining two years linked to inflation - to be pre-agreed and fixed at 7% per annum rounded up from the current CPI annual percentage number, looking forward over two years;
3. These escalation rates for (1) and (2) above are to be written into the new Leases for the Lessees of the Semi-Stands;
4. The rental escalations of (2) are to be qualified in the Leases as subject to any reasonable future budgetary requirements by the Caravan Park over this period – with specific reference to 2025 and 2026.

Point number 3 above is important as the Lessees are cognisant of the fact that, in addition to inflation and economic and rental market factors, other factors specific to the Onrus Caravan Park need to be considered. Factors such as maintenance costs, essential services, and/or infrastructure requirements. We believe however that such decisions should be made with due consideration with the representatives of this forum as part of a stakeholder engagement process that can be embarked on, on an annual basis.

In this regard we wish to propose an annual meeting with representatives from the Caravan

Park's management, mr. Wyngaard and other representatives from the Overstrand Municipality prior to their setting of the year's budget.

We trust that our engagement will lead to a transparent and inclusive approach in engaging with the Lessees as beneficiaries of your services and the property you hold on trust for public benefit and the benefit of the Lessees. We trust you will have sensed our sense of belonging and partnership with the Overstrand Municipality and the rest of the Onrus Caravan Park's community. We also trust you will value our feedback and opinions and that you will involve us in important decisions like these going forward. We trust this engagement will mutually reinforce trust and confidence between the Municipality and the Lessees in our joint responsibility as stewards of the Onrus Caravan Park.

We look forward to your timely response with respect to our proposal enclosed following the Council's meeting.

Warm regards,

Deon Smit
C/o the Lessees

ANNEXURE A