

**AGENDA of the
Portfolio Committee : Investment, Infrastructure and Tourism
8 November 2023
(Also the agenda for the Mayoral Committee Meeting : 15 November 2023)**

**22.
ERF 170 HAWSTON (“HAWSTON INDUSTRIAL HUB”): HAWSTON
DEVELOPEMENT FORUM NPC**

**A Le Roux
17 October 2023**

Manager: Property Administration

(028) 316 - 5623

1. Executive Summary

To obtain approval from Council to:

- (a) exempt the Hawston Development Forum NPC (“HDF”) from paying rental for the period 1 August 2023 to 31 January 2024 (six months); and
- (b) to extend the lease period for a period of 11 (ELEVEN) months from 1 March 2026, representing the months the HDF was not able to trade from the property;

in relation to the building it is leasing from the Municipality situated on a portion of Erf 170 Hawston (hereinafter referred to as the “Property”).

See Locality map attached marked Annexure “A”.

2. Service Delivery and Budget Implementation Plan - IGNITE

Economic and Social Development
Manager: Local Economic Development

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

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

**AGENDA of the
Portfolio Committee : Investment, Infrastructure and Tourism
8 November 2023
(Also the agenda for the Mayoral Committee Meeting : 15 November 2023)**

6. Background/Discussion/Evaluation/Conclusion

Background/Discussion/Evaluation

Council resolved on 30 August 2023 as follows:

- “1. that the deviation from paragraphs 4, 18, 21.2(a) and (b), 24, 36, 40 and 41 of the Administration of Immovable Property Policy of 2015 be approved in order for the Municipality to enter into a lease agreement with the Hawston Development Forum NPC for a period of 3 (THREE) years from 1 March 2023 for the lease, management and sublease of a portion of Erf 170 Hawston (“Hawston Industrial Hub”), ±2,300m² in extent, for light industrial purposes at an initial rental amount of R2,427.20 (TWO THOUSAND FOUR HUNDRED AND TWENTY SEVEN RAND AND TWENTY CENTS) (VAT included) to be levied from 1 August 2023;
2. that the tariff S34G1: “Temporary use (=12months) of municipal land for the storage of building materials next to building sites or for general purposes (per m² per month)” be used in calculating the monthly rental instead of a market related rental;
3. that the monthly rental per square metre be calculated on the total building sizes (328m²) and not the total lease area (2,300m²);
4. that the monthly rental amount mentioned in 2 above escalates 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 2024;
5. that the lessee be afforded a 5 (FIVE) months rental free period from 1 March 2023 to 31 July 2023 as motivated in the report;
6. that the electricity tariff E1E1: “One part tariff (Pre-paid meters only) Local Economic Development Projects” be applied to the lease for this lease period;
7. that the water tariff W1C: Consumption – All other” be applied to the lease for this lease period;
8. that the Hawston Development Forum NPC is not exempted from paying the required lease deposit and water deposit;
9. that the Hawston Development Forum NPC be exempted from paying rates and taxes on the property as well as any connection fees for this lease period only;
10. that the Hawston Development Forum be exempted from paying the required application fee and costs of the market related rental valuation obtained;
11. that the Hawston Development Forum NPC not be exempted from paying the pro rata insurance of the property from date the amount is calculated and implemented;

**AGENDA of the
Portfolio Committee : Investment, Infrastructure and Tourism
8 November 2023
(Also the agenda for the Mayoral Committee Meeting : 15 November 2023)**

12. *that the delegated authority of the Municipality approves every subsequent subtenant of the Hawston Development Forum NPC during this lease period; and*
13. *that the Property Administration Department, in the interim, be responsible for the project, manages the process further (with reference also to the comments of the Town Planning Department), as well as the lease to be entered into, if approved, until the organisational review process has been finalised."*

Subsequent to the approval, the lease agreement was entered into and the HDF opened the required municipal account. Rental is being charged from 1 August 2023.

The rental exemption was specifically given in order for the individual occupiers to establish their respective business and for Municipality to finish all the maintenance to the building after it was vandalised and to install the prepaid meters.

Since obtaining the approval, the electrical meters were installed, and the occupiers proceeded to request consent to attend to various interior renovations to the building as needed for the specific types of businesses as approved. However, the maintenance and repairs the municipality had to attend to (after the building was vandalised) could not be finalised. This is as a formal quotation process had to be followed in the new financial year to obtain a service provider who can attend to all the maintenance and repairs. This quotation had to follow a prescribed process, which included a necessitated communication with the individual service providers to responded to the quotation in order to procure a viable service provider. The process will be finalised soon with an estimated commencement date to start the works being 1 November 2023.

As the maintenance and repairs have not been completed, the HDF has not been able to use the Property in accordance with the signed lease agreement and could thus not generate any income from the businesses it envisaged to operate from the Property. Thus, the request to have another rental exemption for the time period it will take for the appointed service provider to complete the maintenance and repairs to the building.

The above said, as the HDF has not been able to use the Property to operate the various businesses from, it is requested that the lease period be extended with the period it was and will not be able to use the Property, being 1 March 2023 to 31 January 2024. It must be clearly noted that this is not a renewal of the agreement, but merely to accommodate the HDF for the period the Property was in occupation by them, but not usable.

**AGENDA of the
Portfolio Committee : Investment, Infrastructure and Tourism
8 November 2023
(Also the agenda for the Mayoral Committee Meeting : 15 November 2023)**

Conclusion

Considering the above discussion, it is recommended that:

1. exempt the Hawston Development Forum NPC (“HDF”) from paying rental for the period 1 August 2023 to 31 January 2024 (six months); and
2. to extend the lease period for a period of 11 (ELEVEN) months from 1 March 2026, representing the months the HDF was not able to trade from the property.

7. Financial Implications

The Municipality will not receive rental for the lease of the Property for an additional period of 6 (SIX) months which is equal to R12,654.24 (TWELVE THOUSAND SIX HUNDRED AND FIFTY-FOUR RAND AND TWENTY-FOUR CENTS) (VAT Excluded). The Municipality will further not levy the following for the period 1 March 2023 to 31 January 2024:

- Water basic
- Water infrastructure
- Water consumption
- Sewerage basic
- Sewerage infrastructure
- Refuse removal once a week

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Manager: Rates and Data Control – Mr D Louw

It can be confirmed that no service charges are currently levied on the account as per the Council resolution dated 30 August 2023 (points 6 and 7 of paragraph 6 above). An electricity prepaid meter number 0770057629 was connected to the unit on 23 August 2023 and the tariff applicable is “One part tariff (Pre-paid meters only) Local Economic Development Projects”. The recommendation that the exemption from paying rental as requested in this report, is supported. It is further recommended that an exemption be granted in respect of the levying of service charges (excluding prepaid electricity). This is as the Municipality must still attend to repairs which will have the effect that some services (e.g. water) will be used by the Municipality.

**AGENDA of the
Portfolio Committee : Investment, Infrastructure and Tourism
8 November 2023
(Also the agenda for the Mayoral Committee Meeting : 15 November 2023)**

10. Annexures

Annexure A: Locality plan

RECOMMENDATION TO THE COUNCIL:

that, in relation to lease agreement entered into with the Hawston Development Forum NPC for the lease of a portion of Erf 170 Hawston, the following **be approved**:

1. the exemption from paying rental for the period 1 August 2023 to 31 January 2024 (six months), representing the further period the Hawston Development Forum NPC could not trade from the leased period due to vandalism to the property;
2. the exemption from paying for the services for water, sewerage and refuse removal (basic and consumption) for the period 1 March 2023 to 31 January 2024; and
3. the extension of the contractual period from 1 March 2026 with a period of 11 (ELEVEN) months, representing the months the Hawston Development Forum NPC was not able to trade from the property.

RESPONSIBLE OFFICIAL :	A LE ROUX
TARGET DATE FOR IMPLEMENTATION :	15 DECEMBER 2023
TARGET DATE TO INFORM APPLICANT :	15 DECEMBER 2023
TARGET DATE TO INFORM OBJECTOR:	N/A

**AGENDA of the
Portfolio Committee : Investment & Infrastructure
8 November 2023
(Also the Agenda for the Mayoral Committee Meeting : 15 November 2023)**

22.

**ERF 170 HAWSTON (“HAWSTON INDUSTRIAL HUB”): HAWSTON
DEVELOPEMENT FORUM NPC**

**A Le Roux
17 October 2023**

Manager: Property Administration

(028) 316 - 5623

**THIS MATTER SERVED BEFORE THE INVESTMENT & INFRASTRUCTURE
PORTFOLIO COMMITTEE ON 8 NOVEMBER 2023, WHICH COMMITTEE
RECOMMENDED AS FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

that, in relation to lease agreement entered into with the Hawston Development Forum NPC for the lease of a portion of Erf 170 Hawston, the following **be approved**:

1. the exemption from paying rental for the period 1 August 2023 to 31 January 2024 (six months), representing the further period the Hawston Development Forum NPC could not trade from the leased period due to vandalism to the property;
2. the exemption from paying for the services for water, sewerage and refuse removal (basic and consumption) for the period 1 March 2023 to 31 January 2024; and
3. the extension of the contractual period form 1 March 2026 with a period of 11 (ELEVEN) months, representing the months the Hawston Development Forum NPC was not able to trade from the property.

RESPONSIBLE OFFICIAL :

A LE ROUX

TARGET DATE FOR IMPLEMENTATION :

15 DECEMBER 2023

TARGET DATE TO INFORM APPLICANT :

15 DECEMBER 2023

TARGET DATE TO INFORM OBJECTOR:

N/A

