

**AGENDA of the
Portfolio Committee : Planning & Development
9 April 2025
(Also the agenda for the Mayoral Committee Meeting : 16 April 2025)**

**4.
TRANSFER OF ERF 6214 HERMANUS (SITUATED AT 23A MITCHELL STREET,
HERMANUS) TO MARIA ALETTA VAN DER MERWE**

**A Le Roux
7 January 2025**

**Divisional Manager: Property Management
(028) 316 5623**

1. Executive Summary

To obtain final approval for the transfer of Erf 6214 Hermanus (361m² in extent), situated at 23A Mitchell Street, Hermanus (hereinafter referred to as “the Property”), to Maria Aletta van der Merwe (hereinafter referred to as “the Purchaser”) for residential purposes. The locality maps of the Property are attached hereto marked “Annexure A1” and “Annexure A2”.

2. Service Delivery and Budget Implementation Plan - IGNITE

Planning and Development
Property Management

3. Compliance with Strategic Priority/ies

Provision of democratic, accountable and ethical governance
Creation and maintenance of a safe and healthy environment
Promotion of tourism, economic and social development

4. Delegated Authority

None

5. Legal Requirements

- Local Government: Municipal Financial Management Act (Act 56 of 2003) (“MFMA”)
- Municipal Asset Transfer Regulations (R. 878 of 2008)
- Administration of Immovable Property Policy of the Overstrand Municipality (2015)
- Municipal Supply Chain Management Regulations (Notice 868 of 30 May 2005)
- Overstrand Municipality Supply Chain Management Policy, as amended

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6. Background/Discussion/Evaluation/Conclusion

Background/Discussion

Council on 25 November 2015 approved in principle the alienation of the Property for residential purposes by means of a competitive process at a market related purchase price.

Although tenders were previously invited for the sale of the Property, no responsive bids were received.

Tenders were again duly invited on 28 March 2024 for the sale of the Property for residential purposes which tender was advertised on the Overstrand Municipal Website & Notice Boards, Gansberg-News, Village News the e-Tender Portal.

The tender for the sale of the Property was duly awarded by the Bid Adjudication Committee on 23 August 2024 at the amount of R2,300,000.00 (TWO MILLION THREE HUNDRED THOUSAND RAND) (VAT included) which is higher than the indicative value of R1,610,000.00 (ONE MILLION SIX HUNDRED AND TEN THOUSAND RAND) (VAT included) as indicated in the tender document.

Subsequent to the award and subject to several conditions, a deed of sale was entered into between the Municipality and the Purchaser.

Evaluation

A: Administration of Immovable Property Policy of the Overstrand Municipality:

The following conditions of the said Policy will apply:

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 section 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.”*

Council, when the in-principle approval was obtained, 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 non-exempted immovable property only after*

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the municipal council, 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.

The indicative value of the Property was R1,610,000.00 (ONE MILLION SIX HUNDRED AND TEN THOUSAND RAND) (VAT included), which market related price was determined by a professional valuer. The Purchaser offered R2,300,000.00 (TWO MILLION THREE HUNDRED THOUSAND RAND) (VAT included), which is R690,000.00 (SIX HUNDRED AND NINETY THOUSAND RAND)(Vat included) more than the indicative value of the Property.

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 sale of the Property by means of competitive process for residential purposes was approved by Council in principle on 25 November 2015.

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 Purchaser will be liable for the costs of the transaction which will include, but is not limited to, the required public participation process, transfer costs, registration costs, water, sewer and electricity connection and any other costs pertaining to the transaction and proposed development.

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 condition to this effect was included in the Deed of Sale. The Property may only be used for residential purposes.

Paragraph 34: “A 10% deposit of the agreed/tendered purchase price will be due and payable by the purchaser/successful bidder

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within 10 days of date of request in writing thereof by the Municipality.”

A condition to this effect was included in the Deed of Sale. Payment of the deposit will be requested when all the conditions are met.

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 condition to this effect was included in the Deed of Sale.

B: Advertisement / Notification:

An advertisement for the transfer of the Property, was published in The Village News on 21 February 2025 for a 30 (THIRTY) day objection/comment period. No objection/comments were received.

Conclusion

It is recommended that the transfer of Erf 6214 Hermanus (361m² in extent), to Maria Aletta van der Merwe for the amount of R2,300,000.00 (TWO MILLION THREE HUNDRED THOUSAND RAND) (VAT included) for residential purposes, be approved.

7. Financial Implications

The Municipality stands to gain an income of R2,300,000.00 (TWO MILLION THREE HUNDRED THOUSAND RAND) (VAT included) for the sale of the Property. In addition to this income, Council will further gain from rates and taxes to be levied on the Property.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Divisional Manager: Expenditure, Fleet & Asset Management - Mr J Vorster

“Erf 6214 Hermanus is reflected in the Fixed Asset Register for PPE Land at a carrying value of R602,000.00 (SIX HUNDRED AND TWO THOUSAND RAND) and for PPE Buildings (Operational) at a carrying value of R556,248.41 (FIVE HUNDRED AND FIFTY SIX THOUSAND TWO

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HUNDRED AND FORTY EIGHT RANT AND FORTY ONE CENTS) as on 30 June 2024. The eventual disposal of 6214 Hermanus, will have to be accounted for as a disposal in order to remove it from the Fixed Asset Register and to account for the gain/(loss)."

10. Annexures

Annexures A1 and A2: Locality maps

RECOMMENDATION TO THE COUNCIL:

1. that the transfer of 6214 Hermanus (361m² in extent), to Maria Aletta van der Merwe at an amount of R2,300,000.00 (TWO MILLION THREE HUNDRED THOUSAND RAND) (VAT included), for residential purposes, **be approved**;
2. that all costs pertaining to the transaction, including but not limited to, the transfer cost, water, sewer and electricity connections, the required public participation process, but excluding the valuation cost, be paid by the Purchaser;
3. that a condition be registered in the title deed of the Property that it may only be used for residential purposes; and
4. that it is confirmed that Council has taken cognisance of the fact that the municipal property herewith envisaged to be transferred is not required for the provision of basic municipal services in terms of paragraph 5 of the Administration of Immovable Property Policy (2015) and section 14 of the Local Government: Municipal Finance Management Act, No 56 of 2003.

RESPONSIBLE OFFICIAL :	M ERASMUS
TARGET DATE FOR IMPLEMENTATION :	28 MAY 2025
TARGET DATE TO INFORM APPLICANT :	10 MAY 2025

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**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
9 APRIL 2025, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

1. that the transfer of 6214 Hermanus (361m² in extent), to Maria Aletta van der Merwe at an amount of R2,300,000.00 (TWO MILLION THREE HUNDRED THOUSAND RAND) (VAT included), for residential purposes, **be approved**;
2. that all costs pertaining to the transaction, including but not limited to, the transfer cost, water, sewer and electricity connections, the required public participation process, but excluding the valuation cost, be paid by the Purchaser;
3. that a condition be registered in the title deed of the Property that it may only be used for residential purposes; and
4. that it is confirmed that Council has taken cognisance of the fact that the municipal property herewith envisaged to be transferred is not required for the provision of basic municipal services in terms of paragraph 5 of the Administration of Immovable Property Policy (2015) and section 14 of the Local Government: Municipal Finance Management Act, No 56 of 2003.

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