

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

5. Legal Requirements

- Municipal Finance Management Act (56 of 2003) (“MFMA”)
- Municipal Asset Transfer Regulations (R. 878 of 2008)
- Administration of Immovable Property Policy of the Overstrand Municipality (2015)

6. Background/Discussion/Evaluation/Conclusion

Background

Council approved in-principle the alienation of the following properties by means of a competitive process at market related prices:

	PROPERTY	VALUATION VAT INCL	VALUATION VAT EXCL	COUNCIL APPROVAL DATE
1.	Erf 1851 Gansbaai	R1,150 000.00	R1,000,000.00	24/04/2023
2.	Erf 2788 Hermanus	R2,139,000.00	R1,860,000.00	28/02/2024
3.	Erf 7082 Hermanus	R 143,750.00	R 126,096.04	29/06/2022
4.	Remainder Erf 4324 Kleinmond	R 551,310.00	R 479,400.00	28/02/2023
5.	Erf 6847 Kleinmond	R 165,140.00	R 143,600.00	28/02/2024
6.	Erf 6834 Kleinmond	R 191,820.00	R 166,800.00	28/02/2024
7.	Erf 3226 Betty's Bay	R 669,760.00	R 582,400.00	28/02/2024
8.	Erf 795 Stanford	R 101,614.00	R 88,360.00	29/11/2023
9.	Erf 800 Stanford	R 99,992.50	R 86,950.00	29/11/2023

Discussion

Following the above approvals, the following auctions were held during November.

	PROPERTY	DATE	VENUE
1.	Erf 1851 Gansbaai	20-21/11/2024	Online
2.	Erf 2788 Hermanus	20-21/11/2024	Online
3.	Erf 7082 Hermanus	13/11/2024	Moffat Hall

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4.	Remainder Erf 4324 Kleinmond	13/11/2024	Proteadorp Community Hall
5.	Erf 6847 Kleinmond	13/11/2024	Proteadorp Community Hall
6.	Erf 6834 Kleinmond	13/11/2024	Proteadorp Community Hall
7.	Erf 3226 Betty's Bay	20-21/11/2024	Online
8.	Erf 795 Stanford	13/11/2024	Moffat Hall
9.	Erf 800 Stanford	13/11/2024	Moffat Hall

The following offers were received during the bidding process and accepted by Council at a Special Council meeting held on 11 December 2024:

	PROPERTY	VALUATION VAT EXCL	OFFER VAT EXCL	DIFFERENCE
1.	Erf 1851 Gansbaai	R1,000 000.00	R1,900,000.00	R 900,000.00
2.	Erf 2788 Hermanus	R1,860,000.00	R2,847,913.04	R 987,913.04
3.	Erf 7082 Hermanus	R 125,000.00	R 143,478.26	R 18,478.26
4.	Rem Erf 4324 Kleinmond	R 479,400.00	R 826,086.96	R 346,686.96
5.	Erf 6847 Kleinmond	R 143,600.00	R 135,652.17	-R 7,947.83
6.	Erf 6834 Kleinmond	R 166,800.00	R 174,782.61	R 7,982.61
7.	Erf 3226 Betty's Bay	R 582,400.00	R 586,956.52	R 4,556.52
8.	Erf 795 Stanford	R 88,360.00	R 104,347.83	R 15,987.83
9.	Erf 800 Stanford	R 86,950.50	R 75,652.17	-R 11,297.83
	TOTALS	R4,532,510.00	R6,794,869.57	R2,262,359.57

Evaluation

A. Administration of Immovable Property Policy of the Overstrand Municipality

The following conditions of said policy 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

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MFMA decided on reasonable grounds that the immovable property is not needed to provide the minimum level of basic municipal services.”

Council, when the various in-principle approvals were obtained, confirmed that the individual properties are not needed to provide 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 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 fair market value of each of the properties were considered when the various in-principle approvals to sell the properties were obtained. The offers received, including those offers below the indicative values, were accepted by Council.

Paragraph 24: The fair market value for the alienation of, the rental amount for the leasing or compensation payable for a servitude over municipal immovable property shall be determined by an independent professional valuer or professional associated valuer registered in terms of the Property Valuers Profession Act, 2000 (Act 47 of 2000), or any ensuing act at the cost of the purchaser (in the case of a direct sale) or lessee (in the case of a direct lease)/servitude holder (in the case of a servitude).

All the properties which formed part of the auction process were valued by the Municipality’s appointed professional valuer. These values are indicated above. As a competitive bidding process (“auction”) was followed, the costs of the individual valuations were borne by the Municipality.

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 individual purchaser will be liable for the costs of the transaction which includes, but is not limited to, the public participation process (advertisement), transfer costs, relocation of services, registration of

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servitudes for services, connection of services and any other costs pertaining to the individual transactions.

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.”

As to Erf 6847 Kleinmond, the purchaser will have to register at own cost a services pipeline servitude that runs parallel with the property boundary, in favour of the Municipality, for the protection of the existing municipal infrastructure.

Paragraph 31: “Where immovable property is alienated for development, a condition, taking into consideration the nature of the development, might be included in the Deed of Sale stipulating that such development must be completed within two years from date of registration. Likewise, a condition may be included in the agreement to provide for forfeiture in the event that the development has not been completed within the required time period, unless a written extension has been granted by the Municipality.”

A condition to this effect was included in the deed of sale for Erf 1851 Gansbaai.

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 individual deeds of sale.

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 condition to this effect was included in the individual deeds of sale. Each of the purchasers has already paid the required deposit which are held by the Municipality’s auctioneer.

B: Advertisement / Notification:

Advertisements for the transfers of the properties were published for a 30 (THIRTY) day objection/comment period in the following newspapers.

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Overstrand Herald on 6 February 2025

- Erf 4324 Kleinmond
- Erf 6834 Kleinmond
- Erf 6847 Kleinmond
- Erf 3226 Betty's Bay

Village News of 7 February 2025

- Erf 1851 Gansbaai
- Erf 795 Stanford
- Erf 800 Stanford
- Erf 2788 Hermanus
- Erf 7082 Hermanus

No objections/comments against the proposed transfers were received.

Conclusion

Taking the above into consideration, it is recommended that the following transfers be approved:

- (a) Erf 1851 Gansbaai (4000m² in extent) for Industrial Purposes to W Swanepoel at an amount of R2,185,000.00 (VAT included).
- (b) Erf 2788 Hermanus (496m² in extent) for Residential Purposes to R Richards at an amount of R3,275,100.00 (VAT included).
- (c) Erf 7082 Hermanus (312m² in extent) for Residential Purposes (Mount Pleasant) to E Ponoane at an amount of R165,000.00 (VAT included).
- (d) Remainder Erf 4324 Kleinmond (564m² in extent) for Residential Purposes to J A de Villiers at an amount of R950,000.00 (VAT included).
- (e) Erf 6847 Kleinmond (359m² in extent) for Residential Purposes to J P Jenkins at an amount of R156,000.00 (VAT included).
- (f) Erf 6834 Kleinmond (417m² in extent) for Residential Purposes to J P Jenkins at an amount of R201,000.00 (VAT included).
- (g) Erf 3226 Betty's Bay (1,456m² in extent) for Residential Purposes to J P Gresse for at amount of R675,000.00 (VAT included).
- (h) Erf 795 Stanford (376m² in extent) for Residential Purposes to G M Ermecho at an amount of R120,000.00 (VAT included).
- (i) Erf 800 Stanford (370m² in extent) for Residential Purposes to Pandora L and J (Pty) Ltd at an amount of R87,000.00 (VAT included).

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7. Financial Implications

	PROPERTY	FIXED ASSET REGISTER VALUE VAT EXCL	OFFER VAT EXCLUDED	FIXED ASSET REGISTER GAIN/(LOSS)
1.	Erf 1851 Gansbaai	R1,100,000.00	R1,900,000.00	R 800,000.00
2.	Erf 2788 Hermanus	R1,750,000.00	R2,847,913.04	R1,097,913.04
3.	Erf 7082 Hermanus	R 125,000.00	R 143,478.26	R 18,478.26
4.	Rem Erf 4324 Kleinmond	R 550,000.00	R 826,086.96	R 276,086.96
5.	Erf 6847 Kleinmond	R 145,000.00	R 135,652.17	-R 9,347.83
6.	Erf 6834 Kleinmond	R 165,000.00	R 174,782.61	R 9,782.61
7.	Erf 3226 Betty's Bay	R 660,000.00	R 586,956.52	-R 73,043.48
8.	Erf 795 Stanford	R 85,000.00	R 104,347.83	R 19,347.83
9.	*Erf 800 Stanford	R 100,000.00	R 75,652.17	-R 24,347.83
Totals		R4,680,000.00	R6,794,869.57	R2,114,869.57

The total revenue to be received if all the transfers have been attended to is R6,794,869.57 (VAT excluded) (SIX MILLION SEVEN HUNDRED AND NINETY-FOUR THOUSAND EIGHT HUNDRED AND SIXTY-NINE RAND AND FIFTY-SEVEN CENTS VAT EXCLUDED).

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

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

The above properties are reflected in the Fixed Asset Register for Investment Property Land at the following fair values as on 30 June 2024.

- Erf 1851 Gansbaai R1,100,000.00
- Erf 2788 Hermanus R1,750,000.00
- Erf 7082 Hermanus R 125,000.00

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- *Rem Erf 4324 Kleinmond R 550,000.00*
- *Erf 6847 Kleinmond R 145,000.00*
- *Erf 6834 Kleinmond R 165,000.00*
- *Erf 3226 Betty's Bay R 660,000.00*
- *Erf 795 Stanford R 85,000.00*
- *Erf 800 Stanford R 100,000.00*

The eventual disposal of the individual properties will have to be accounted for as a disposal in the Fixed Asset Register for IP Land in order to account for the gain / (loss).

10. Annexures

None

RECOMMENDATION TO THE COUNCIL:

1. that the transfer of the following properties sold by means of a public auction, **be approved:**
 - (a) Erf 1851 Gansbaai at an amount of R1,900,000.00 (VAT excluded) for Industrial Zone 1: General Industrial purposes;
 - (b) Erf 2788 Hermanus at an amount of R2,847,913.04 (VAT excluded) for Residential Zone 1: Single Residential purposes;
 - (c) Erf 7082 Hermanus at an amount of R143,478.26 (VAT excluded) for Residential Zone 1: Single Residential purposes;
 - (d) Rem Erf 4324 Kleinmond at an amount of R826,086.96 (VAT excluded) for Residential Zone 1: Single Residential purposes;
 - (e) Erf 6847 Kleinmond at an amount of R135,652.17 (VAT excluded) for Residential Zone 1: Single Residential purposes;
 - (f) Erf 6834 Kleinmond at an amount of R174,782.61 (VAT excluded) for Residential Zone 1: Single Residential purposes;
 - (g) Erf 3226 Betty's Bay at an amount of R586,956.52 (VAT excluded) for Residential Zone 1: Single Residential purposes;
 - (h) Erf 795 Stanford at an amount of R104,347.83 (VAT excluded) for Residential Zone 1: Single Residential purposes;
 - (i) Erf 800 Stanford at an amount of R75,652.17 (VAT excluded) for Residential Zone 1: Single Residential purposes;
2. that all costs pertaining to the individual transactions, including but not limited to, the transfer cost, water, sewer and electricity connections, the required public participation process, service relocation costs and servitude registration cost (where applicable), but excluding the valuation costs, be paid by the individual purchasers;

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3. that a condition be registered in the title deed of Erf 1851 Gansbaai that the purchaser shall complete the development of the property, in the form of a building or other acceptable structure, within a period of 2 (TWO) years, starting from the date of registration of transfer of the property in the Deeds Office. Should it become apparent that the purchaser shall not be able to complete the development within the aforementioned 2 (TWO) year period, the purchaser shall be entitled to request an extension of the time period within which to complete the development;
4. that as to Erf 6847 Kleinmond, the purchaser must at own cost, simultaneous with the transfer of Erf 6847 Kleinmond, register a services pipeline servitude that runs parallel with the property boundary, in favour of the Municipality, for the protection of the existing municipal infrastructure;
5. that a condition be registered against the title deed of each of the properties that the property may only be used for purpose it was sold for as indicated in 1 above; and
6. that it is confirmed that Council has taken cognisance of the fact that the municipal properties herewith envisaged to be alienated are 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 :	A LE ROUX
TARGET DATE FOR IMPLEMENTATION :	30 MAY 2025
TARGET DATE TO INFORM APPLICANT :	30 MAY 2025

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3. that a condition be registered in the title deed of Erf 1851 Gansbaai that the purchaser shall complete the development of the property, in the form of a building or other acceptable structure, within a period of 2 (TWO) years, starting from the date of registration of transfer of the property in the Deeds Office. Should it become apparent that the purchaser shall not be able to complete the development within the aforementioned 2 (TWO) year period, the purchaser shall be entitled to request an extension of the time period within which to complete the development;
4. that as to Erf 6847 Kleinmond, the purchaser must at own cost, simultaneous with the transfer of Erf 6847 Kleinmond, register a services pipeline servitude that runs parallel with the property boundary, in favour of the Municipality, for the protection of the existing municipal infrastructure;
5. that a condition be registered against the title deed of each of the properties that the property may only be used for purpose it was sold for as indicated in 1 above; and
6. that it is confirmed that Council has taken cognisance of the fact that the municipal properties herewith envisaged to be alienated are 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 :	A LE ROUX
TARGET DATE FOR IMPLEMENTATION :	30 MAY 2025
TARGET DATE TO INFORM APPLICANT :	30 MAY 2025