

**AGENDA of the  
Portfolio Committee : Planning and Development  
7 August 2024  
(Also the agenda for the Mayoral Committee Meeting : 14 August 2024)**

---

10.

**TRANSFER OF UNREGISTERED ERF 12308 HERMANUS (A CONSOLIDATION OF TWO PORTIONS OF ERF 384) (SITUATED ON THE CORNER OF CHURCH STREET AND ALBERTYN STREET, HERMANUS) TO HUNTA PROPERTY PROJECTS (PTY) LTD**

**A Le Roux  
1 July 2024**

**Divisional Manager: Property Management**

**(028) 316 5623**

---

**1. Executive Summary**

To obtain final approval for the transfer of Unregistered Erf 12308 (a consolidation of two portions of Erf 384) Hermanus (7342m<sup>2</sup> in extent), situated on the corner of Church Street and Albertyn Street, Hermanus (hereinafter referred to as “the Property”), to Hunta Property Projects (Pty) Ltd (hereinafter referred to as “the Purchaser”) for the purpose of developing medical facilities and related community facilities. 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

**AGENDA of the  
Portfolio Committee : Planning and Development  
7 August 2024  
(Also the agenda for the Mayoral Committee Meeting : 14 August 2024)**

---

## **6. Background/Discussion/Evaluation/Conclusion**

### **Background/Discussion**

Council on 28 October 2021 approved in principle the alienation of the Property for the purpose of developing medical facilities and related community facilities by means of a competitive process at a market related purchase price.

Tenders were duly invited on 12 August 2022 for the sale of the Property for the purpose to develop medical facilities and related community facilities and was advertised on the Overstrand Municipal Website & Notice Boards, Gansberg-News, Hermanus Times, Village News, Overstrand Herald and the e-Tender Portal.

The tender for the sale of the Property was duly awarded by the Accounting Officer on 17 February 2023 at the amount of R15,000,000.00 (FIFTEEN MILLION RAND) (VAT included) which was higher than the indicative value of R9,071,150.00 (NINE MILLION AND SEVENTY-ONE THOUSAND ONE HUNDRED AND FIFTY 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 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**

**AGENDA of the  
Portfolio Committee : Planning and Development  
7 August 2024  
(Also the agenda for the Mayoral Committee Meeting : 14 August 2024)**

---

***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 R9,071,150.00 (NINE MILLION AND SEVENTY-ONE THOUSAND ONE HUNDRED AND FIFTY RAND) (VAT included), which market related price was determined by a professional valuer. The Purchaser offered R15,000,000.00 (FIFTEEN MILLION RAND) (VAT included), which is R5,928,850.00 (FIVE MILLION NINE HUNDRED AND TWENTY-EIGHT THOUSAND EIGHT HUNDRED AND FIFTY RAND) 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.”***

Council on 28 October 2021 approved in principle the alienation of the Property by means of a competitive process for the purpose of developing medical facilities and related community facilities.

***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 section 14 advertisement, transfer costs, relocation of services, registration costs, water, sewer and electricity connection and any other costs pertaining to the transaction and proposed development.

***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.”***

The Purchaser will be liable for the cost in this regard should it be necessary.

**AGENDA of the  
Portfolio Committee : Planning and Development  
7 August 2024  
(Also the agenda for the Mayoral Committee Meeting : 14 August 2024)**

---

**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 as it was a condition of the tender also.

**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 the development of medical facilities and related community facilities in accordance with the land uses allowed for the zoning Community Zone 1, with a consent use for Institutional Use, save for as may be further restricted as per the tender SC2331/2022 and as per the Overstrand Zoning Scheme Regulations for the area.

**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 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 19 April 2024 for a 30 (THIRTY) day objection/comment period. No objection/comments were received.

**AGENDA of the  
Portfolio Committee : Planning and Development  
7 August 2024  
(Also the agenda for the Mayoral Committee Meeting : 14 August 2024)**

---

### **Conclusion**

It is recommended that the transfer of Unregistered Erf 12308 (a consolidation of two portions of Erf 384) Hermanus (7342m<sup>2</sup> in extent), to Hunta Property Projects (Pty) Ltd for the amount of R15,000,000.00 (FIFTEEN MILLION RAND) (VAT included) for the purpose of developing medical facilities and related community facilities, be approved.

### **7. Financial Implications**

The Municipality stands to gain an income of R15,000,000.00 (FIFTEEN MILLION 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**

*“Unregistered Erf 12308 Hermanus (a consolidation of two portions of Erf 384 Hermanus) is reflected in the Fixed Asset Register for PPE Land as part of the bigger Erf 384 Hermanus at a carrying value of R12’763’841-07 (TWELVE MILLION SEVEN HUNDRED AND SIXTY-THREE THOUSAND EIGHT HUNDRED AND FOURTY ONE RAND SEVENT CENTS) (VAT included) as on 30 June 2024. The eventual disposal of unregistered Erf 12308 (a consolidation of two portions of Erf 384) 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 Unregistered Erf 12308 (a consolidation of two portions of Erf 384) Hermanus (7342m<sup>2</sup> in extent), for the purpose of developing medical facilities and related community facilities to Hunta Property Projects (Pty) Ltd at an amount of R15,000,000.00 (FIFTEEN MILLION RAND) (VAT included), **be approved;**

**AGENDA of the  
Portfolio Committee : Planning and Development  
7 August 2024  
(Also the agenda for the Mayoral Committee Meeting : 14 August 2024)**

---

2. that all costs pertaining to the transaction, including but not limited to, the transfer cost, water, sewer and electricity connections, the section 14 advertisement, service relocation costs and servitude registration cost (if needed), 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 the development of medical facilities and related community facilities in accordance with the parameters set out in Tender SC2331/20022 and the deed of sale;
4. that a condition be registered in the title deed of the Property 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; and
5. that it is confirmed that Council has taken cognisance of the fact that the municipal property herewith envisaged to be alienated 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.

<b>RESPONSIBLE OFFICIAL :</b>	<b>W MURTZ</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>28 AUGUST 2024</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>4 SEPTEMBER 2024</b>
<b>TARGET DATE TO INFORM OBJECTOR :</b>	<b>N/A</b>

**AGENDA of the  
Portfolio Committee Meeting : Planning & Development  
7 August 2024  
(Also the Agenda for the Mayoral Committee : 14 August 2024)**

---

10.

**TRANSFER OF UNREGISTERED ERF 12308 HERMANUS (A CONSOLIDATION OF TWO PORTIONS OF ERF 384) (SITUATED ON THE CORNER OF CHURCH STREET AND ALBERTYN STREET, HERMANUS) TO HUNTA PROPERTY PROJECTS (PTY) LTD**

**A Le Roux  
1 July 2024**

**Divisional Manager: Property Management**

**(028) 316 5623**

---

**THIS MATTER SERVED BEFORE THE PLANNING & DEVELOPMENT PORTFOLIO COMMITTEE ON 7 AUGUST 2024, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

**RECOMMENDATION TO THE COUNCIL:**

1. that the transfer of Unregistered Erf 12308 (a consolidation of two portions of Erf 384) Hermanus (7342m<sup>2</sup> in extent), for the purpose of developing medical facilities and related community facilities to Hunta Property Projects (Pty) Ltd at an amount of R15,000,000.00 (FIFTEEN MILLION RAND) (VAT included), **be approved**;
2. that all costs pertaining to the transaction, including but not limited to, the transfer cost, water, sewer and electricity connections, the section 14 advertisement, service relocation costs and servitude registration cost (if needed), 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 the development of medical facilities and related community facilities in accordance with the parameters set out in Tender SC2331/20022 and the deed of sale;
4. that a condition be registered in the title deed of the Property 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; and
5. that it is confirmed that Council has taken cognisance of the fact that the municipal property herewith envisaged to be alienated 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.

**AGENDA of the  
Portfolio Committee Meeting : Planning & Development  
7 August 2024  
(Also the Agenda for the Mayoral Committee : 14 August 2024)**

---

<b>RESPONSIBLE OFFICIAL :</b>	<b>W MURTZ</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>28 AUGUST 2024</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>4 SEPTEMBER 2024</b>
<b>TARGET DATE TO INFORM OBJECTOR :</b>	<b>N/A</b>



Unregistered Erf 12308  
(a portion of Erf 384) Hermanus



Unregistered Erf 12308 (a portion of Erf 384) Hermanus





OVERSTRAND



Surroundings of Unregistered Erf 12308 (a portion of Erf 384) Hermanus

Date: 2024/07/08

