

**AGENDA of the  
Portfolio Committee : Planning and Development  
19 August 2025  
(Also the agenda for the Mayoral Committee Meeting : 26 August 2025)**

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**2.**

**A PORTION OF REMAINDER ERF 243 HERMANUS: RENEWAL OF LEASE OF MUNICIPAL PROPERTY TO BLUEBIRD TRIO (PTY) LTD TRADING AS BRIGHT NISSAN HERMANUS**

**A Le Roux  
30 June 2025**

**Divisional Manager: Property Management**

**(028) 316 5623**

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**1. Executive Summary**

To obtain approval to enter into a further lease agreement with Bluebird Trio (Pty) Ltd trading as Bright Nissan Hermanus, hereafter referred to as "Nissan", in respect of a portion of Remainder Erf 243 Hermanus ( $\pm 105\text{m}^2$  in extent) situated in Swartdam Road, Hermanus Industria, hereafter referred to as "the Property" for a period of 5 (FIVE) years for the purpose of displaying and parking of vehicles for sale.

The locality maps are attached hereto as Annexures "A1" & "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

**4. Delegated Authority**

Executive Mayor

**5. Legal Requirements**

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

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

**Background/ Discussion**

Nissan has been using the Property being a portion of the broad road reserve, which is across from their business, since 2013 for the parking and displaying of vehicles for sale and has applied for a further lease agreement.

The last lease agreement, which was for a period of 3 (THREE) years, expired on 31 May 2025. Nissan applied for the renewal in time and the

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renewal process was also commenced with by the Property Management Division in time. Unfortunately, due to a holdup on Nissan's side, the application process could not be finalised before the expiration of the previous agreement. The Property Management Division waited long periods for outstanding documentation. As Nissan is still in occupation of the Property the lease amount is still levied monthly on their municipal account and paid by Nissan.

A lease agreement has in the meantime been entered into (for administrative purposes) subject to a condition that the Executive Mayor approves the long-term lease at a Mayoral Committee Meeting. The renewal agreement commences on the day after expiry of the last agreement

A further condition to the lease agreement is that the Property shall at no time be considered to be for the sole use of Nissan and pedestrians and any other member of the public may not be prohibited from walking on the sidewalk. To ensure the safety of pedestrians a 1,5 metre area measured from the tarred surface of the road from Swartdam Road and a 5 metre area measured from the tarred surface of the road from Angelier Street must be free of obstruction at all times to allow for the free movement of pedestrians. The vehicles are parked on the Property early every morning and removed again in the afternoon.

No complaints were received from the community during the previous lease period. The municipal account is paid up to date.

### **Evaluation**

A. Administration of Immoveable Property Policy of the Overstrand Municipality

The following conditions of said policy apply:

**Paragraph 4: "No application for the purchase, lease of or encroachment on immovable property (save for the instances mentioned in paragraphs 58 to 62 and 64.1 below) shall be processed unless the prescribed application fee as per tariff approved in the annual budget for that financial year has been paid, nor shall any proposed lease or encroachment (save for the instances mentioned in paragraphs 58 to 62 and 64.1 below) be advertised unless the applicant has confirmed, in writing, that he/she will bear all costs involved in such transaction including – but not limited to – legal, survey, re-zoning, sub-division, consolidations, advertisement, relocation or provision of services and, where applicable, a deposit as per prescribed rate to cover incidental costs has been paid."**

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As the application for renewal was received before the expiry of the last agreement there is no need for a formal application form to be completed, and no application fee is payable.

**Paragraph 17: “Taking into consideration the nature and duration of the lease to be entered into, the leasing of immovable property may be affected by means of either:**

- 17.1 a competitive process, which may include a closed or public tender or proposal call, specifically in circumstances listed in paragraph 18 below; or**  
**17.2 a direct lease”.**

The Property Management Division will be recommending a direct lease on the reasons provided in the report.

**Paragraph 18: “A competitive process must at all times be followed in circumstances where:**

- 18.1 the lease is for a long term with an income value in excess of R10 million;**  
**18.2 the lease is for a formal business premises with a market related rental;**  
**18.3 more than one party, in discretion of the municipality, is interested in the lease of the subject property; and/or**  
**18.4 by discretion of the municipality, a competitive process will best serve the interests of the community”.**

18.1 Although the proposed lease is for a long-term period, the rental that will be received will not be in excess of R10 million. The commencement rental is set at a tariff for the 2024/2025 financial year for the lease of municipal property for the displaying and parking of vehicles, being R6.96/m<sup>2</sup> (SIX RAND NINETY-SIX CENTS PER SQUARE METRE) (VAT excluded) per month. The lease area is ±105m<sup>2</sup> in extent which equals to a total rental of R730.80 (SEVEN HUNDRED AND THIRTY RAND AND EIGHTY CENTS) (VAT excluded) per month for the 2024/2025 financial year. The rental escalated on 1 July 2025 and currently equals a rental amount of R803.25 (EIGHT HUNDRED AND THREE RAND AND TWENTY-FIVE CENTS) (VAT excluded) which rental will escalate annually in terms of the approved tariffs as stipulated in the Annual budget as approved by Council.

18.2 The Property is not classified as a business property, forms part of a road reserve and no other trading is allowed on the Property. It is therefore recommended that it be leased directly to Nissan without following a competitive process.

18.3 As the Property is opposite Nissan and the adjoining property is the

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Mount Pleasant Sport field the Property will not be of any practical use to anyone else.

**Paragraph 20.1: “The Municipality may grant a long term lease of municipal immovable property with an income value of less than R10 million only after:**

- a) The Accounting Officer has approved the lease in principle;**
- b) In the case of a direct lease, the proposed lease was advertised in terms of paragraph 10.1 and 10.2 above to invite the local community and other interested parties to submit comments or representations; and**
- c) The Executive Mayor, as delegated authority, has approved that the right may be granted.”**

- a) Nissan applied for the renewal of the lease agreement which was approved in principle by the Municipal Manager on 23 April 2025 for a period of 5 (FIVE) years, subject to a public participation process being followed and further subject to the approval by the Executive Mayor, as delegated authority, of the long-term lease.
- b) The proposed lease was advertised in the Village News on 13 June 2025 for a 30 (THIRTY) day comment/objection period and no objections have been received.
- c) The Executive Mayor’s approval is hereby sought.

**Paragraph 26: “In cases where a rental amount has been approved in the annual budget of the Municipality for certain types of leases and encroachments, the approved amount will be used for purposes of determining the rental amount.”**

The tariff for the lease of municipal property for the displaying and parking of vehicles will be levied. The commencement rental is R730.80 (SEVEN HUNDRED AND THIRTY RAND AND EIGHTY CENTS) (VAT excluded) per month for the 2024/2025 financial year. The rental escalated on 1 July 2025 and currently equals a rental amount of R803.25 (EIGHT HUNDRED AND THREE RAND AND TWENTY-FIVE CENTS) (VAT excluded), which rental will escalate annually in terms of the approved tariffs as stipulated in the Annual budget.

**Paragraph 36: “All costs pertaining to a transaction, e.g. survey, advertisements, valuation, relocation or provision of services where necessary, shall be borne by the Lessee. The Municipality may, however, waive its right to claim all or any portion of the costs. Where necessary a deposit to cover the costs may be required.”**

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Nissan will be liable for the payment of all costs relating to the renewal of the lease agreement which in this case so far is only the advertisement costs.

**Paragraph 47: “Subject to paragraph 46 above, immovable property let by the Municipality shall be inspected at least once a year by the Municipality to ensure compliance with the terms and conditions of the agreement of sale or lease.”**

The Property will be inspected by the Property Management Division at least once a year.

**It is further confirmed that the other Conditions of Lease as stipulated in paragraph 36 – 50 of the said policy was included in the lease agreement.**

**B. Advertisement/Notification**

An advertisement for the lease of a portion of Remainder Erf 243 Hermanus was published in the Village News on 13 June 2025 for a 30 (THIRTY) day objection/comment period. No objection/comment was received.

**Conclusion**

With reference to the above discussion, it is recommended that the lease of the Property to Nissan be approved for a further period of 5 (FIVE) years from 1 June 2025 at a commencement rental amount of R730.80 (SEVEN HUNDRED AND THIRTY RAND EIGHTY CENTS) (VAT excluded) and a rental amount of R803.25 (EIGHT HUNDRED AND THREE RAND AND TWENTY-FIVE CENTS) (VAT excluded) per month for the 2025/2026 financial year.

**7. Financial Implications**

The Municipality stands to gain rental in the amount of R730.80 (SEVEN HUNDRED AND THIRTY RAND EIGHTY CENTS) (VAT excluded) per month for the 2024/2025 financial year and a rental amount of R803.25 (EIGHT HUNDRED AND THREE RAND AND TWENTY-FIVE CENTS) (VAT excluded) per month from 1 July 2025, where after the rental amount will escalate annually in terms of the approved tariffs as stipulated in the Annual budget as approved by Council. All expenses pertaining to the proposed lease will be borne by Nissan.

**8. Staff Implications**

None

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**9. Comments from other Departments, Divisions and Administrations**

**Town Planner - Mr Henk Olivier**

*“A lease can be supported. I recommend a shorter lease period as the area is used by many pedestrians and the Municipality should ensure that if and when they further want to upgrade the area for pedestrians they can do so.”*

A lease period of only 5 (FIVE) years is proposed.

**Traffic Operations: Senior Superintendent – Mr Phillip de Gruchy**

*“Traffic department has no objection as long as vehicles parked doesn’t cause obstruction towards pedestrian traffic and cause sight obstruction towards motorists.”*

**Principal Technologist Civil: Hermanus – Mr. Tiaan Marx**

*“The Department: Civil Services do not have any objection with regards to this application.”*

**Divisional Manager: Expenditure, Fleet & Assets Management - Mr Johannes Vorster**

*“As this is a revenue generating proposal with no intention to dispose of the existing asset, there is no objection to the report.”*

**10. Annexures**

Annexures A1 & A2: Locality maps

**RECOMMENDATION:**

1. that the lease of municipal property, being a portion of Remainder Erf 243 Hermanus ( $\pm 105\text{m}^2$  in extent), to Bluebird Trio (Pty) Ltd trading as Bright Nissan Hermanus, for the purposes of displaying and parking of vehicles for sale at a rental amount of R730.80 (SEVEN HUNDRED AND THIRTY RAND EIGHTY CENTS) (VAT excluded) per month from 1 June 2025 for a period of 5 (FIVE) years in terms of the Administration of Immovable Property Policy of the Overstrand Municipality, **be approved**, and
2. that the rental amount mentioned in 1 above escalate on 1 July 2025 to a rental amount of R803.25 (EIGHT HUNDRED AND THREE RAND AND TWENTY-FIVE CENTS) (VAT excluded) per month and annually thereafter on 1 July in terms of the approved tariffs as stipulated in the Annual budget as approved by Council.

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<b>RESPONSIBLE OFFICIAL :</b>	<b>R OCTOBER</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>10 SEPTEMBER 2025</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>10 SEPTEMBER 2025</b>
<b>TARGET DATE TO INFORM OBJECTOR :</b>	<b>N/A</b>



