

**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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**4.  
A PORTION OF REMAINDER ERF 4771 HERMANUS: RENEWAL OF LEASE OF  
MUNICIPAL PROPERTY TO SEAGULLS VIEW BODY CORPORATE**

**A Le Roux  
26 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 Seagulls View Body Corporate, hereafter referred to as “the Lessee”, in respect of a portion of Remainder Erf 4771 Hermanus (±210m<sup>2</sup> in extent) situated on the corner of Seventh Street and Fourth Avenue, Voëlklip, Hermanus, hereafter referred to as “the Property” for a period of 9 (NINE) years and 11 (ELEVEN) months for gardening and storage purposes.

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**

The Lessee has been utilising the Property next to its property, Erf 6256 Hermanus, for the past three years for storage and to beautify the Property. The building on the Property was previously used by the Municipality’s Electrical Services department for storage of equipment, and since the department no longer used the building, the Lessee applied to lease the Property.

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The last agreement was for a period of 3 (THREE) years which commenced on 1 June 2022 and expired on 31 May 2025.

The Lessee applied for the renewal of the lease of the Property for a further period of 9 (NINE) years and 11 (ELEVEN) months for storage and gardening purposes and the renewal process was also commenced with by the Property Management Division in time. Unfortunately, due to a holdup on the Lessee'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 the Lessee is still in occupation of the Property the lease amount is still levied monthly on their municipal account and paid by the Lessee.

The storage building is located adjacent to the owner's building, from which the OK Mini Market in Voëlklip is operated. Consequently, the Lessee has the ideal location to utilize the building for storage and to maintain the area around the building.

A lease agreement has in the meantime been entered into (for administrative purposes) with 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.

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.

18.2 The Property is not classified as a business site and no trading is allowed on the Property. The building can only be used for storage purposes by the adjoining owner, in this case being the Lessee, and therefore it is recommended that the Property be leased directly to the Lessee.

18.3 No other applications have been received for the lease of the Property.

**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**

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- c) ***The Executive Mayor, as delegated authority, has approved that the right may be granted.***
- a) The Lessee 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 9 (NINE) years and 11 (ELEVEN) months, 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 were received.
- c) The Executive Mayor's approval is hereby sought.

***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)."***

The last lease agreement was approved at a rental amount of R3.52/m<sup>2</sup> (THREE RAND AND FIFTY-TWO CENTS PER SQUARE METRE) (VAT excluded) per month which calculated to an amount of R739.20 (SEVEN HUNDRED AND THIRTY-NINE RAND AND TWENTY CENTS) (VAT excluded) per month. The rental amount escalated annually in terms of the Consumer Price Index to an amount of R880.37 (EIGHT HUNDRED AND EIGHTY RAND AND THIRTY-SEVEN CENTS) (VAT excluded) per month for the 2024/2025 financial year. It is recommended that this rental amount be charged for June 2025 and an amount of R905.02 (NINE HUNDRED AND FIVE RAND AND TWO CENTS) (VAT excluded) per month from 1 July 2025 whereafter the amount will escalate annually on 1 July with a percentage equal to the Consumer Price Index.

***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."***

The Lessee 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.

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**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 4771 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 the Lessee be approved for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 June 2025 at a rental amount of R880.37 (EIGHT HUNDRED AND EIGHTY RAND AND THIRTY SEVEN CENTS) (VAT excluded) for June 2025 and at a rental amount of R905.02 (NINE HUNDRED AND FIVE RAND AND TWO CENTS) (VAT excluded) per month for the 2025/2026 financial year, where after the rental amount will escalate annually in accordance with the escalation percentage equal to the prevailing consumer price index.

**7. Financial Implications**

The Municipality stands to gain rental in the amount of R880.37 (EIGHT HUNDRED AND EIGHTY RAND AND THIRTY SEVEN CENTS) (VAT excluded) for June 2025 and a rental amount of R905.02 (NINE HUNDRED AND FIVE RAND AND TWO CENTS) (VAT excluded) per month from 1 July 2025 where after the rental amount will escalate annually on 1 July in accordance with the escalation percentage equal to the prevailing consumer price index in terms of the Municipality’s Administration of Immoveable Property Policy, as amended from time to time. All expenses pertaining to the proposed lease will be borne by the Lessee.

**8. Staff Implications**

None

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

**Town Planner: Mr P Roux**

*"I have no objection to the proposed continued leasing of the structure"*

**Building Control Officer: Mr. G Coetzee**

*"No objection from Building Control."*

**Principal Technologist Civil: Hermanus: Mr. T Marx**

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

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

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

**10. Annexures**

Annexures A1 & A2: Locality maps

**RECOMMENDATION:**

1. that the lease of municipal property, being a portion of Remainder Erf 4771 Hermanus ( $\pm 210\text{m}^2$  in extent), to Seagulls View Body Corporate, for gardening and storage purposes at a rental amount of R880.37 (EIGHT HUNDRED AND EIGHTY RAND AND THIRTY SEVEN CENTS) (VAT excluded) per month for a further period of 9 (NINE) years and 11 (ELEVEN) months 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 to a rental amount of R905.02 (NINE HUNDRED AND FIVE RAND AND TWO CENTS) (VAT excluded) per month from 1 July 2025 and again annually thereafter on 1 July in accordance with the escalation percentage equal to the prevailing consumer price index in terms of the Municipality's Administration of Immovable Property Policy, as amended from time to time.

**RESPONSIBLE OFFICIAL :**

**R OCTOBER**

**TARGET DATE FOR IMPLEMENTATION :**

**10 SEPTEMBER 2025**

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**TARGET DATE TO INFORM APPLICANT : 10 SEPTEMBER 2025**

**TARGET DATE TO INFORM OBJECTOR : N/A**



