

**AGENDA of the  
Portfolio Committee : Planning and Development  
17 March 2026  
(Also the agenda for the Mayoral Committee Meeting : 25 March 2026)**

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**2.**

**A PORTION OF REMAINDER ERF 243 HERMANUS: RENEWAL OF LEASE OF MUNICIPAL PROPERTY TO STONEWATER HOLDINGS (PTY) LTD**

**A Le Roux  
6 February 2026**

**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 Stonewater Holdings (Pty) Ltd, hereafter referred to as “the Applicant”, in respect of a portion of Remainder Erf 243 Hermanus ( $\pm 18\text{m}^2$  in extent) situated in front of 2 Harbour Road, Hermanus, hereafter referred to as “the Property” for a period of 9 (NINE) years and 11 (ELEVEN) months to retain a balcony over municipal property which is used for restaurant outdoor seating 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**

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 Applicant is the owner of Erf 619 Hermanus, adjacent to the Property, from where Embers Wood Fired Oven and The Wine Glass are being operated. The Property has been used by its tenants, since 2007, for outdoor restaurant seating purposes without complaints from the public.

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The last lease agreement was for a period of 3 (THREE) years from 1 January 2022 to 31 December 2025.

The Applicant applied for the renewal in time and the renewal process was also commenced with by the Property Management Division in time. Unfortunately, the process could still not be finalised before the expiration of the previous agreement. As the Applicant was still in occupation of the Property the lease amount was still levied monthly on their municipal account and paid by them.

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.

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.”**

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:**

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- 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 (TEN MILLION RAND) as the rental charged will be in accordance with the tariffs approved in the Annual Budget for lease of municipal land for outdoor seating adjoining a restaurant for the specific financial year. Currently the rental amount is R735.66 (SEVEN HUNDRED AND THIRTY-FIVE RAND AND SIXTY-SIX CENTS) (VAT excluded) per month.

18.2 The Property can only be leased directly to the Applicant as the balcony is permanently affixed to the Applicant’s property, and protrudes over municipal property, hence the lease. It will serve no purpose to follow a competitive process for this lease.

**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.”**

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- a) The Applicant applied for the renewal of the lease agreement which was approved in principle by the Municipal Manager on 16 September 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 17 October 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 outdoor seating adjoining a restaurant is R40.87 (FORTY RAND AND EIGHTY-SEVEN CENTS) (VAT excluded) per square metre per month for the 2025/2026 financial year. The lease area is ±18m<sup>2</sup> (EIGHTEEN SQUARE METRES) in extent and the monthly rental calculates to an amount of R735.66 (SEVEN HUNDRED AND THIRTY-FIVE RAND AND SIXTY-SIX CENTS) (VAT excluded). The agreement stipulates that the rental amount will escalate annually in accordance with the tariff as approved 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."***

The Applicant 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.

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**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 the Property was published in the Village News on 17 October 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 Applicant be approved for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 January 2026 at a rental amount of R40.87 (FORTY RAND AND EIGHTY-SEVEN CENTS) (VAT excluded) per square metre per month for the 2025/2026 financial year.

**7. Financial Implications**

The Municipality stands to gain rental in the amount of R735.66 (SEVEN HUNDRED AND THIRTY-FIVE RAND AND SIXTY-SIX CENTS) (VAT excluded) per month from 1 January 2026, where after the rental amount will escalate annually in terms of the tariffs as stipulated in the Annual budget approved by Council. All expenses pertaining to the proposed lease will be borne by the Applicant.

**8. Staff Implications**

None

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

**Town Planner: Mr Brady Minnaar**

*“No objection from Town and Spatial Planning department.”*

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

*“No objection from Building Control.”*

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

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

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**10. Annexures**

Annexures A1 & A2: Locality maps

**RECOMMENDATION:**

1. that the lease of municipal property, being a portion of Remainder Erf 243 Hermanus ( $\pm 18\text{m}^2$  in extent), to Stonewater Holdings (Pty) Ltd to retain a balcony for outdoor restaurant seating purposes at a rental amount of R40.87 (FORTY RAND AND EIGHTY-SEVEN CENTS) (VAT excluded) per square metre per month for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 January 2026 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 annually on 1 July in terms of the approved tariffs as stipulated in the Annual budget as approved by Council.

<b>RESPONSIBLE OFFICIAL :</b>	<b>M ERASMUS</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>20 APRIL 2026</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>20 APRIL 2026</b>



