

**AGENDA of the
Portfolio Committee : Planning and Development
18 November 2025
(Also the agenda for the Mayoral Committee Meeting : 28 November 2025)**

The last lease agreement, which was for a period of 3 (THREE) years, expired on 31 August 2025. The Lessee applied for the renewal in time and the renewal process was also commenced with by the Property Management Division in time. Unfortunately, the application process could not be finalised before the expiration of the previous agreement. The Lessee's municipal account was in arrears due to high outstanding water accounts as the Lessee was under the impression that they would not be liable for the water usage, based on a verbal agreement between the Lessee and a previous employee of the Municipality and an impression that the project would be a collaborative project between the Lessee and the Municipality. This matter has been resolved, and the Lessee is now aware that they are responsible for the water usage at the Property. The municipal account is no longer in arrears and therefore the process for renewal can now be proceeded with. 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 together with all other services levied on the account.

A lease agreement will in the meantime be 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 regarding the use of the Property by the Lessee 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 2025/2026 financial year for the lease of municipal land to Social Care Institutions / Registered Organisations/ NPO's/ PBO's/ Sport facilities/ Community organisations, being R191.30 (ONE HUNDRED AND NINETY-ONE RAND THIRTY CENTS) (VAT excluded) per month. The 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 and as the tariff will be applied, it will not be a market related rental amount payable.

18.3 The Lessee plays an important role in the community of Kleinmond and in particular by providing entertainment and recreation, it is recommended that the Property be leased directly to the Lessee for a further period without following a competitive process.

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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) The Lessee applied for the renewal of the lease agreement which was approved in principle by the Municipal Manager on 30 July 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 Overstrand Herald on 19 September 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 land to Social Care Institutions / Registered Organisations/ NPO's/ PBO's/ Sport facilities/ Community organisations is R191.30 (ONE HUNDRED AND NINETY-ONE RAND THIRTY CENTS) (VAT excluded) per month, 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.”

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 the Property was published in the Overstrand Herald on 19 September 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 September 2025 at a commencement rental amount of R191.30 (ONE HUNDRED AND NINETY-ONE RAND THIRTY CENTS) (VAT excluded) per month for the 2025/2026 financial year.

7. Financial Implications

The Municipality stands to gain rental in the amount of R191.30 (ONE HUNDRED AND NINETY-ONE RAND THIRTY CENTS) (VAT excluded) per month for the 2025/2026 financial year, 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 the Lessee.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Senior Town Planner: Ms Hanneen van der Stoep

“No objection.”

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Principal Technologist: Development Control: Mr R Andrew

“There is a gravity and rising main sewer pipeline located beneath the track and associated improvements. If this is not addressed in the current contract, the new contract should include a clause requiring the cycling club to indemnify the Municipality against any claims arising from damage caused by a rupture or failure of any of these lines.”

The above mentioned will be addressed in the renewal agreement, should the renewal be approved.

Building Control Officer: Mr G Coetzee

“No objection from Building Control.”

Divisional Manager: Expenditure, Fleet & Assets Management: Mr J 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 portions of Erven 5467 and 6949 Kleinmond situated on the corner of Main Road and Lagune Street (jointly ±1,275m² in extent), for the purposes of operating a bicycle track for recreational purposes at a rental amount of R191.30 (ONE HUNDRED AND NINETY-ONE RAND THIRTY CENTS) (VAT excluded) per month from 1 September 2025 for a 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 annually on 1 July in terms of the approved tariffs as stipulated in the Annual budget as approved by Council.

RESPONSIBLE OFFICIAL :	M ERASMUS
TARGET DATE FOR IMPLEMENTATION :	10 DECEMBER 2025
TARGET DATE TO INFORM APPLICANT :	10 DECEMBER 2025
TARGET DATE TO INFORM OBJECTOR :	N/A



ANNEXURE A2

