

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

4.

A PORTION OF ERF 214 ZWELIHLE AND ERF 225 ZWELIHLE: DEVIATION FROM PARAGRAPH 18 OF THE ADMINISTRATION OF IMMOVABLE PROPERTY POLICY OF 2015 ALLOWING THE MUNICIPALITY TO LEASE MUNICIPAL PROPERTIES DIRECTLY TO LUKHANYO PRIMARY SCHOOL

**A Le Roux
14 October 2025**

**Divisional Manager: Property Management
(028) 316 5623**

1. Executive Summary

To obtain approval from Council to deviate from paragraph 18 of the Administration of Immovable Property Policy (as approved by Council on 25 November 2015) allowing the Municipality to lease a portion of Erf 214 Zwelihle ($\pm 120\text{m}^2$ in extent) and Erf 225 Zwelihle (266m^2 in extent) (jointly the “Properties”) to Lukhanyo Primary School (the “Lessee”) for the purpose of having teachers of the school reside on the respective Properties, without following a competitive bidding process.

Please see the locality maps of the Properties attached as “Annexure A” and “Annexure B”.

2. Service Delivery and Budget Implementation Plan - IGNITE

Planning and Development
Property Management

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
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)

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6. Background/Discussion/Evaluation/Conclusion

Background/Discussion

As a result of historical decisions by the Overstrand Municipality's predecessors there were three female teachers residing on Erf 214 Zwelihle and two male teachers residing on Erf 225 Zwelihle.

The Properties were historically leased to the school or its teachers for residential purposes by the old Zwelihle Municipality. The last recorded lease agreements which could be found in the Municipality's archives are:

- (a) Erf 214 Zwelihle: Municipality of the Greater Hermanus / Lukhanyo Primary School PTSA on a monthly basis for a period of five years from 1 January 1997 for the sole purpose of providing accommodation to persons employed as teachers at the schools in Zwelihle. At some stage the property was occupied by a teacher, Mr Zenzile, and the account was opened in his name.
- (b) Erf 225 Zwelihle: Municipality of the Greater Hermanus / Lukhanyo Primary School PTSA on a monthly basis for a period of five years from 1 January 1997 for the sole purpose of providing accommodation to persons employed as teachers at the schools in Zwelihle.

As the Overstrand Municipality is the successor in title, the Lessee wishes to work with the Municipality to have the teachers stay at the Properties be compliant with the Municipality's applicable policies, notably the Administration of Immovable Property Policy.

Affordable residential accommodation in Zwelihle and the greater Hermanus area is scarce and there appears to be more demand than supply. Although there are already teachers residing in the Properties, this is as a result of the placement by the previous Zwelihle Municipality and confirmation by the agreements entered into by the previous Municipality of the Greater Hermanus (both predecessors of the Overstrand Municipality). It is a positive sign that the Lessee has taken the first step in reaching out the Municipality and being willing to work with the Municipality in order for the teachers to be compliant with the Municipality's policies. To this Division's knowledge, there have been no complaints in respect of the use of the Properties from the community in the years that teachers have occupied these Properties.

The lease of the Properties to the Lessee was approved in principle by the Municipal Manager subject to the approval of the deviation of paragraph 18 of the Administration of Immovable Property Policy by Council and lease agreements have in the meantime been entered into with a resolute condition to this effect. This is to ensure that municipal accounts could be opened, and services charged pending the outcome of this request to Council.

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Evaluation

A: Administration of Immovable Property Policy of the Overstrand Municipality:

The following conditions of the said Policy will 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 Lessee 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.”

The Lessee submitted the formal application form and paid the required application fee.

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.”

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”.

As this is treated as a new application aimed at formalising and legalising the stay of the teachers and because the historical records are inadequate, it will be recommended that the application be for an initial 3

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(three) year period. This would mean that the lease period is not long term.

The lease is not for a formal business premise. As is the case in South Africa generally, and in Zwelihle as well, there are always numerous citizens interested in leasing and/or owning property for residential purposes. However, in this case it is not in the best interests of the community to lease the Properties by means of a competitive process because the people residing at the Properties will only be teachers and the lease will be concluded with the school. A school by its nature serves the community and it is a recommended condition of the approval that the residents of the erven may only be teachers at the school. Leasing the Properties directly to the Lessee ensures that the accommodation remains reserved for teachers, thereby directly contributing to the Municipality's broader social and developmental objectives, particularly in support of education and community stability. The public interest is best served by maintaining teacher accommodation in close proximity to the school. Teachers residing within the community enhance safety, stability, and educational continuity.

It is therefore recommended that the Properties be leased directly to the Lessee without following a competitive process.

Paragraph 21.1: *“The Municipality may grant a short term lease of municipal immovable property up to three years without the option of renewal only after the Accounting Officer has approved the lease in principle.*”

The Accounting Officer (Municipal Manager) approved in principle the lease of the Properties to the Lessee for a period of 3 (THREE) years, subject thereto that the approval of Council is obtained as to the deviation from paragraph 18 of the Administration of Immovable Property Policy.

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).”*

A valuation was done by HCB Property Valuations to determine the market related rental for the Properties. The rental of a portion of Erf 214 Zwelihle was determined at an amount of R1,000.00 (ONE THOUSAND

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RAND) (Vat excluded) per month and rental for Erf 225 Zwelihle was determined at an amount of R700.00 (SEVEN HUNDRED RAND) (Vat excluded) per month. These rental amounts were stipulated in the lease agreement as the monthly rental amounts for the Properties.

B: Advertisement / Notification:

Immovable property let according to paragraph 21.1 above need not be advertised.

Conclusion

Taking the above into consideration, it is recommended that Council approves the deviation from paragraph 18 of the Administration of Immovable Property Policy in order to lease the Properties to the Lessee for a period of 3 (THREE) years without following a competitive process.

7. Financial Implications

The Municipality stands to gain an income of R1,700.00 (ONE THOUSAND SEVEN HUNDRED RAND) (VAT Excluded) per month as well as service charges.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Divisional Manager: Expenditure, Fleet & Asset Management - Mr J Vorster

“As this application is dealt with in terms of the Administration of Immoveable Property Policy and it relates to a revenue generating project, with no intension of disposing of the asset, there is no objection to the application.”

10. Annexures

Annexures A: Locality map of Erf 214 Zwelihle

Annexure B: Locality map of Erf 225 Zwelihle

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RECOMMENDATION TO THE COUNCIL:

that the deviation from paragraph 18 of the Administration of Immovable Property Policy in order to lease a portion of Erf 214 Zwelihle ($\pm 120\text{m}^2$ in extent) and Erf 225 Zwelihle (266m^2 in extent) to Lukhanyo Primary School for a period of 3 (THREE) years without following a competitive process, **be approved**.

RESPONSIBLE OFFICIAL :	M ERASMUS
TARGET DATE FOR IMPLEMENTATION :	28 DECEMBER 2025
TARGET DATE TO INFORM LESSEE :	10 DECEMBER 2025

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14 October 2025**

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THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON 18 NOVEMBER 2025, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:

RECOMMENDATION TO THE COUNCIL:

that the deviation from paragraph 18 of the Administration of Immovable Property Policy in order to lease a portion of Erf 214 Zwelihle ($\pm 120\text{m}^2$ in extent) and Erf 225 Zwelihle (266m^2 in extent) to Likhanyo Primary School for a period of 3 (THREE) years without following a competitive process, **be approved**.

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M ERASMUS

TARGET DATE FOR IMPLEMENTATION :

28 DECEMBER 2025

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ANNEXURE: A



ANNEXURE B

