

**PORTFOLIO COMMITTEE :**

**PLANNING & DEVELOPMENT**

**Chairperson :**

**Ald E Gillion**

**Committee Members :**

**Ald K Brice, Cllrs C Resandt,  
M Sihlahla and R Dees**

# PLANNING & DEVELOPMENT PORTFOLIO COMMITTEE

16 September 2025

## I N D E X

ITEM  
NO

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NUMBER

OPENING AND WELCOME

APPLICATIONS FOR LEAVE OF ABSENCE

STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE  
CHAIRPERSON

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| 1. | ERF 1179 HAWSTON: LEASE OF MUNICIPAL PROPERTY TO SJECHINAH CHRISTIAN CENTRE NPC   | 1 |
| 2. | PORTIONS OF ERVEN 5467 AND 6949 KLEINMOND (SITUATED ON THE CORNER OF MAIN ROAD AND LAGUNE STREET, KLEINMOND): THE KLEINMOND CYCLING CLUB – WRITE OFF OF ARREAR ACCOUNT ( <i>To be dealt with in committee</i> ) | 9 |



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Property should rather be leased by means of a competitive process as at the time, there were more than one party interested in leasing and managing the Property.

The Lessee was informed of the delegated authority's decision and the Lessee lodged an appeal against the decision of the delegated authority. A report was prepared and submitted to the Executive Mayor, being the appeal authority, who, after considering the report, dismissed the appeal and confirmed that the lease of the Property be made available by means of a competitive process.

The Lessee then applied for extended occupation of the Property until such time as the tender process has been finalized, effectively this means an extension to the lease period. The Municipal Manager approved the extended occupation of the Property until the tender process is finalised subject thereto that the Lessee remain responsible for the payment of rental and service charges and should the Lessee not be awarded the tender, a 3 (THREE) month notice period be given to vacate the Property. This decision was made taking into account the vandalism that takes place when a municipal building is vacant and the occupation of the Property until the tender is awarded would deter vandalisms and ensure the protection of a municipal asset.

### **Discussion**

The Accounting Officer (Municipal Manager) approved in principle on 13 April 2021 that the competitive process for the managing, leasing, supervising and maintaining of the Property as a community facility at a rental amount as stipulated in the tariffs (as indicative rental) for a lease period of 9 (NINE) years and 11 (ELEVEN) months be commenced with.

The tender for the managing, leasing, supervising and maintaining of the Property as a community facility for a lease period of 9 (NINE) years and 11 (ELEVEN) months was advertised on 22 July 2022 under tender number SC2297/2022. The tender process was completed and bids were evaluated. Unfortunately, no bidder was deemed responsive and the tender was cancelled.

A new tender for the lease of the Property lease period of 9 (NINE) years and 11 (ELEVEN) months was subsequently advertised. Only one tender was received from the Lessee with a rental offer of R400.00 (FOUR HUNDRED RAND) (VAT included) per month.

The tender was awarded by the Bid Adjudication Committee on 18 June 2025 to the Lessee at a rental amount of R400.00 (FOUR HUNDRED RAND) (VAT included) per month. The award indicated a commencement date of 1 July 2025.

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As the lease period commenced on 1 July 2025 a lease agreement has in the meantime been entered into with the Lessee subject to the approval from the Executive Mayor for the long-term lease.

The Lessee's constitution indicates that their main and ancillary objectives are spiritual and cultural development, community welfare and development and economic development with specific focus points under each objective. Some of the focus points include workshops and meetings, cultural events such as music competitions, counselling for the youth, feeding scheme, co-operation with Home Affairs for registrations, health and social programmes, education programmes, recreational activities, arts and crafts, training etc.

The following additional conditions were also included in the lease agreement as a requirement of the tender as awarded:

- The successful bidder must make the building situated on the Property available to other community organisations and/or members of the community, subject to payment of a reasonable fee for a building of its nature. Such fee charged by the successful bidder must be similar to the tariff charged by the Municipality for making similar halls/buildings available for events such as weddings, special ceremonies etc.
- The successful bidder must make the Property available for use by the Municipality, free of charge, provided that reasonable notice is given and other users who have already booked the facility are not prejudiced.

### **Evaluation**

A. Administration of Immoveable Property Policy of the Overstrand Municipality

The following conditions of said policy apply:

**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**

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***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 (i) many parties initially showed interest in leasing the Property, (ii) the Property is well situated, and (iii) the intended use of the Property will be for community purposes, the decision was made to make the Property available for leasing by means of a competitive bidding process with an indicative rental as determined in the tariffs for the lease of municipal property to non-profit organisations. A competitive bidding process was therefore followed.

**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.”**

The Accounting Officer (Municipal Manager) approved in principle the lease of the Property by means of a competitive process. As a competitive process was followed which involves an advertisement to ensure competitiveness, fairness and transparency, it is not necessary to advertise the lease again. This report serves to request the Executive Mayor’s approval of the long-term lease.

**Paragraph 40: “Rental, except where it is decided otherwise by the Municipality, shall escalate on the 1st of July every year, by a percentage fixed in accordance with the prevailing consumer price index (all items).”**

A clause to this effect was included in the lease agreement.

**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.**

### **Conclusion**

Considering the above discussion, it is recommended that the lease of the Property to the Lessee be approved for a lease period of 9 (NINE) years and 11 (ELEVEN) months at a rental amount of R400.00 (FOUR HUNDRED RAND) (VAT included) per month.

### **7. Financial Implications**

The Municipality stands to gain rental in the amount of R400.00 (FOUR HUNDRED RAND) (VAT included) per month from 1 July 2025, such rental to escalate every year on the 1<sup>st</sup> of July in accordance with the consumer price index (all items), the next escalation to be on 1 July 2026. 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**

**Divisional Manager: Expenditure, Fleet and Asset 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 Erf 1179 Hermanus (2,075m<sup>2</sup> in extent), to Sjechinah Christian Centre NPC for the sole purpose of managing, leasing, supervising and maintaining the Property as a community facility at an initial rental amount of R400.00 (FOUR HUNDRED RAND) (VAT included) per month for a rental 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

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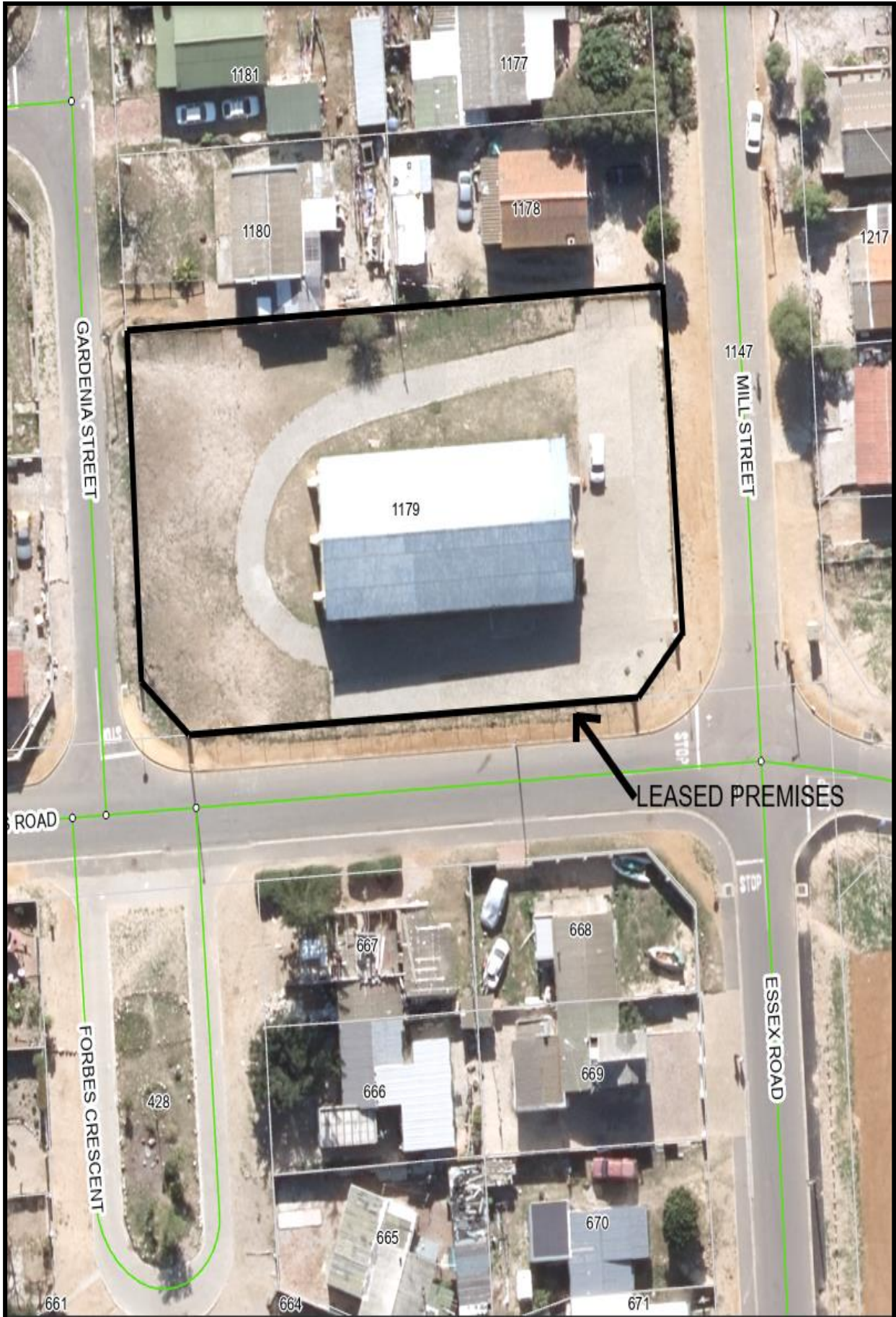
2. that the rental amount mentioned in 1 above escalate every year on the 1st of July in accordance with the consumer price index (all items), the first escalation to be 1 July 2026.

<b>RESPONSIBLE OFFICIAL :</b>	<b>M ERASMUS</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>7 OCTOBER 2025</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>7 OCTOBER 2025</b>
<b>TARGET DATE TO INFORM OBJECTOR :</b>	<b>N/A</b>





ANNEXURE A2



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**2.  
PORTIONS OF ERVEN 5467 AND 6949 KLEINMOND (SITUATED ON THE CORNER  
OF MAIN ROAD AND LAGUNE STREET, KLEINMOND): THE KLEINMOND  
CYCLING CLUB – WRITE OFF OF ARREAR ACCOUNT**

This item is distributed under separate cover.

In terms of Section 20(1) of the Local Government: Municipal Systems Act, No 32 of 2000, read with Rule 17 of the Overstrand Municipality's By-law on Rules of Order for Internal Arrangements, this item must be considered "in committee".