

**AGENDA of the  
Portfolio Committee: Infrastructure & Planning  
20 February 2018  
(Also the agenda for the Mayoral Committee Meeting: 28 February 2018)**

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**4.  
STANFORD: A PORTION OF PORTION 18 OF FARM 644: LEASE OF MUNICIPAL  
PROPERTY TO FOOD 4 THOUGHT COMMUNITY PROJECTS NPO**

7/1/1/3

**N Liebenberg**

**(028) 316-3724**

**Hermanus Administration**

**3 January 2018**

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**1. Executive Summary**

To obtain approval to enter into a further lease agreement with Food 4 Thought Community Projects NPO in respect of municipal property, being a portion of portion 18 of Farm 644 Stanford ( $\pm 1000\text{m}^2$  in extent) for a period of 9 (NINE) years and 11 (ELEVEN) months commencing on 1 February 2018.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

Infrastructure and Planning;  
Property Administration

**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)

**6. Background/Discussion/Evaluation/Conclusion**

**Background**

Food 4 Thought has been utilising the said portion of Municipal property, being a portion of portion 18 of Farm 644 Stanford, since 2004 for the purpose of managing an Early Childhood Development Centre ("ECD").

The last agreement is for a period of 3 (THREE) years which will expire on 31 January 2018.

The locality and layout of the proposed lease area are indicated on the locality plan attached per "Annexure A". The lease area consists of two buildings

**AGENDA of the  
Portfolio Committee: Infrastructure & Planning  
20 February 2018  
(Also the agenda for the Mayoral Committee Meeting: 28 February 2018)**

---

parallel to the gravel road, an area outside the two buildings, used as a play area for the children. One classroom in the one building is excluded as it is used by the Overstrand Municipality. The mentioned lease area is fenced for the safety of the children.

### **Discussion**

Food 4 Thought has been utilising the said municipal property since 2004 for the purpose of managing an Early Childhood Development Centre and has applied for a further lease agreement of 9 (NINE) years and 11 (ELEVEN) months.

A most recent lease agreement commenced on 1 February 2015 and will expire on 31 January 2018. The applicant has been providing education and development to children residing in the informal settlement, Die Kop. This mentioned informal settlement will be relocated in the future to the housing project on portion 25 of Farm 644 Stanford and thus the ECD would have to relocate with them. At this stage there is no set date for when this relocation will take place as the project is still underway. The applicant is currently utilizing two buildings on the said municipal property, but as agreed upon, they are only levied rental for the use of one building.

It can be confirmed that Food 4 Thought applied for the renewal of the lease agreement in time and that the renewal process was also commenced with by the Property Administration Department in time. Unfortunately due to unforeseen circumstances the renewal lease agreement will not be entered into before the expiration of the lease agreement. As Food 4 Thought is still in occupation of the property the lease amount will still be levied monthly on their municipal account pending the signature of the renewal agreement. Should the renewal of the lease agreement be approved the renewal date will be backdated to commence the day after expiry of the said current agreement, being 1 February 2018.

### **Evaluation**

A. Administration of Immovable 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:***

**AGENDA of the  
Portfolio Committee: Infrastructure & Planning  
20 February 2018  
(Also the agenda for the Mayoral Committee Meeting: 28 February 2018)**

---

***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.”***

As the site is not classified as a business site and the leasing of the said property to Food 4 Thought (as registered NPO and Early Childhood Development Centre) is in the interest of the community, i.e. not a commercial lease, and they have been leasing it successfully for several years it is recommended that the property be leased directly to Food 4 Thought without following a competitive process.

**Paragraph 20.1: *“The Municipality may grant a long term lease of municipal immovable property with a value 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 municipal council has approved that the right may be granted.”***

The Accounting Officer (Municipal Manager) approved in principle the lease of the subject portion of portion 18 of Farm 644 Stanford to Food 4 Thought for the management of an Early Childhood Development Centre on condition that the public participation process is followed. The proposed lease was advertised in the Gansbaai Courant on 14 September 2017 for a 30 (THIRTY) day comment/objection period.

**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.”***

In this regard the rental charged will be in accordance with the tariff 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.”***

**AGENDA of the  
Portfolio Committee: Infrastructure & Planning  
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(Also the agenda for the Mayoral Committee Meeting: 28 February 2018)**

---

Food 4 Thought will pay 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 Administration Department 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 will be included in the lease agreement with the Applicant.**

**B. Advertisement/Notification**

An advertisement for the lease of a portion of portion 18 of Farm 644 Stanford (±1000m<sup>2</sup> in extent) was placed in the Gansbaai Courant on 14 September 2017 for a 30 (THIRTY) day objection/comment period. No objections/comments were received.

**Conclusion**

With reference to the above discussion it is recommended that the lease agreement with Food 4 Thought be approved for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 February 2018 at a total rental amount of R131.58 (ONE HUNDRED AND THIRTY ONE RAND AND FIFTY EIGHT CENTS) (VAT excluded) per month

**7. Financial Implications**

The Municipality stands to gain rental in the amount of R131.58 (ONE HUNDRED AND THIRTY ONE RAND AND FIFTY EIGHT CENTS) (VAT excluded) per month where after the lease amount will escalate every year on the 1<sup>st</sup> of July in accordance with the tariffs stipulated in the Annual Budget as approved by Council, the next escalation to be on 1 July 2018. All expenses pertaining to the proposed lease will be borne by Food 4 Thought.

**8. Staff Implications**

None

**AGENDA of the  
Portfolio Committee: Infrastructure & Planning  
20 February 2018  
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**9. Comments from other Departments, Divisions and Administrations**

**Senior Manager: Expenditure and Assets, Mr J Vorster - (028) 313 8046**

As this is an income generating proposal involving an institution who delivers an essential service to the community of Stanford, with no intention to dispose of the asset, there is no objection to the report.

**Assistant Program Manager: Mrs A Jacobs – (028) - 313 0760**

We have no objection to the renewal/extension of the lease agreement. The families living in the informal settlement will be relocated to the planned development on Portion 25 of Farm No 644, Stanford, between the existing town and chicken farm. The development will be done in phases and installation of civil infrastructure is planned to start during the 2017/2018 financial year. No indication can be given as yet as to when the relocation of families from the informal settlement will commence.

**Senior Town Planner: Mr S van der Merwe – (028) 313 2093**

The premises are zoned for agricultural purposes within the applicable primary rights restricted to amongst others agricultural activities, including day care restricted to a maximum of 5 children. The applicable consent uses permits the construction of a crèche/place of instruction with prior approval.

No objection to the proposed lease provided that prior approval for a consent use (crèche/ place of instruction) is obtained. The facilities will have to comply with the building regulations. Comment of aforementioned department is required. The housing project has no physical impact on the development of the subject property, apart from the fact that it is intended to relocate inhabitants of The Kop to the housing project.

Reply on the abovementioned comment: Approval was obtained that the consent use application will be done internally. Town Planning is to start the process.

**Manager: Social Development: Mr G Smit – (028) 313 8035**

Food 4 Thought has been providing Early Childhood Development (ECD) services at Funimfundo since 2004. They are one of only three registered ECD facilities in the Stanford area (in terms of the Children's Act all ECD facilities i.e. crèches, day care centres etc. must be registered). Of the three registered ECD facilities in Stanford, Funimfundo is one of two that are currently funded by the Provincial Department of Social Development. According to the Census 2011 Stanford has an ECD population (0 – 4years)

**AGENDA of the  
Portfolio Committee: Infrastructure & Planning  
20 February 2018  
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---

of 451 children. There is thus a significant shortage of ECD facilities in the area.

It is worth noting that “Government is mandated to ensure the provision of ECD services as a right.” (Child care facilities is a schedule 4B local government function.) “In addition, they must be publicly provided because they afford a foundation for good child outcomes as well as national development outcomes; are necessary to equalise the developmental deficits experienced by infants and young children vulnerable to risk factors; and are thus necessary to addressing South Africa’s two key development challenges; poverty and inequality (National Integrated ECD Policy 2015).

In light of the above, I therefore highly recommend the extension of their lease as per request. If there is an intention to relocate inhabitants of The Kop to the housing project (as per Mr van der Merwe’s comments), then the housing project should ensure that sufficient land is made available for an ECD centre and the relocation of Funimfundo to this site.

#### **10. Annexures**

Annexure A: Locality Plan

#### **RECOMMENDATION:**

1. that the lease of municipal property, being a portion of portion 18 of Farm 644 Stanford ( $\pm 1000\text{m}^2$  in extent) to Food 4 Thought Community Purposes NPO for the purposes of managing an Early Childhood Development Centre at the rental amount of R131.58 (ONE HUNDRED AND THIRTY ONE RAND AND FIFTY EIGHT CENTS) (VAT excluded) per month for a period of 9 (NINE) years and 11 (ELEVEN) months as from 1 February 2018 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 every year on the 1st of July in accordance with the tariffs stipulated in the Annual Budget as approved by Council, the next escalation to be on 1 July 2018.

<b>RESPONSIBLE OFFICIAL:</b>	<b>N LIEBENBERG</b>
<b>TARGET DATE FOR IMPLEMENTATION:</b>	<b>9 APRIL 2018</b>
<b>TARGET DATE TO INFORM APPLICANT:</b>	<b>09 MARCH 2018</b>
<b>TARGET DATE TO INFORM OBJECTOR:</b>	<b>N/A</b>

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
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**N Liebenberg**

**(028) 316-3724**

**Hermanus Administration**

**3 January 2018**

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**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON  
20 FEBRUARY 2018, WHICH COMMITTEE SUPPORTED THE RECOMMENDATION**

**RESPONSIBLE OFFICIAL:**

**N LIEBENBERG**

**TARGET DATE FOR IMPLEMENTATION:**

**9 APRIL 2018**

**TARGET DATE TO INFORM APPLICANT:**

**09 MARCH 2018**

**TARGET DATE TO INFORM OBJECTOR:**

**N/A**

