

**AGENDA of the
Portfolio Committee: Infrastructure & Planning
16 April 2019
(Also the agenda for the Mayoral Committee Meeting: 24 April 2019)**

**4.
HERMANUS: ERF 88 ZWELIHLE: LEASE OF MUNICIPAL PROPERTY TO
SIYAZAMA SERVICE CENTRE**

7/2/3/1

**N Liebenberg
12 March 2019**

(028) 316-3724

Hermanus Administration

1. Executive Summary

To obtain approval to enter into a further lease agreement for a period of 9 (NINE) years and 11 (ELEVEN) months with Siyazama Service Centre in respect of municipal property, being Erf 88 Zwelihle (942m² in extent), 88 Lusiba Street, Zwelihle, Hermanus, for the purpose of managing a care centre for the elderly.

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

Siyazama Service Centre has been utilizing Erf 88 Zwelihle for several years for the purpose of managing a care centre for the elderly, although an official lease agreement was only entered into on 1 November 2008. They deliver an essential service to the community of Zwelihle through the various services they offer to the elderly.

The last agreement was for a period of 9 (NINE) years and 11 (ELEVEN) months which expired on 31 October 2018. Although the process for the

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renewal of the agreement was commenced with timeously the process could unfortunately not be completed before expiry of the said agreement as the Applicant's account was in arrears, there was a delay in the translation of the advertisement and further due to the fact that by the time that the comment/objection period stipulated in the advertisement closed, Council went into recess.

The locality of the proposed lease area is indicated on the locality plan attached per "Annexure A".

Discussion

Siyazama Service Centre applied for a further lease agreement of 9 (NINE) years and 11 (ELEVEN) months as from 1 November 2018.

The previous rental was an annual levy and was levied on 1 July 2018. As there is now a tariff approved by Council for non-profit organisation/social care organisations, the rental charged will be a monthly rental amount and this was communicated to the Applicant.

The area applied for has been used by Siyazama Service Centre for more than ten years without any complaints from the public. Siyazama Service Centre's municipal account is in arrears, but arrangements have been made with the Department of Finance for the settlement of the arrears by means of paying it in instalments. The above mentioned agreement is attached per "Annexure B".

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:

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 property is not classified as a business site and the leasing of the said property to Siyazama Service Centre (a registered non-profit organisation) is in the interest of the community, i.e. not a commercial

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lease, and they have been leasing it successfully for, it is recommended that the property be leased directly to Siyazama Service Centre without following a competitive process.

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 Erf 88 Zwelihle to Siyazama Service Centre for the purpose of managing a care centre for the elderly on condition that the public participation process is followed. The proposed lease was advertised in the Village News on 24 October 2018 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.”

Siyazama Service Centre 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.”

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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 renewal of the lease of Erf 88 Zwelihle (942m² in extent) was placed in the Village News on 24 October 2018 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 Siyazama Service Centre be approved for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 November 2018 at a rental amount of R140.00 (ONE HUNDRED AND FORTY RAND) (VAT excluded) per month which is the amount approved in the 2018/2019 budget.

7. Financial Implications

The Municipality stands to gain rental in the amount of R140.00 (ONE HUNDRED AND FORTY RAND) (VAT excluded) per month where after the lease amount will 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 2019. All expenses pertaining to the proposed lease will be borne by Siyazama Service Centre.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Town Planner (Hermanus): Mr H Olivier – (028) 313 8900

This is an existing facility. The application is supported.

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

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

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10. Annexures

- Annexure A: Locality Plan
Annexure B: Settlement agreement for account in arrears

RECOMMENDATION:

1. that the lease of municipal property, being Erf 88 Zwelihle (942m² in extent), to Siyazama Service Centre for the purpose of managing a care centre for the elderly at the rental amount of R140.00 (ONE HUNDRED AND FORTY RAND) (VAT excluded) per month for a period of 9 (NINE) years and 11 (ELEVEN) months as from 1 November 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 be escalated 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 2019.

RESPONSIBLE OFFICIAL:	N LIEBENBERG
TARGET DATE FOR IMPLEMENTATION:	31 MAY 2019
TARGET DATE TO INFORM APPLICANT:	8 MAY 2019
TARGET DATE TO INFORM OBJECTOR:	N/A

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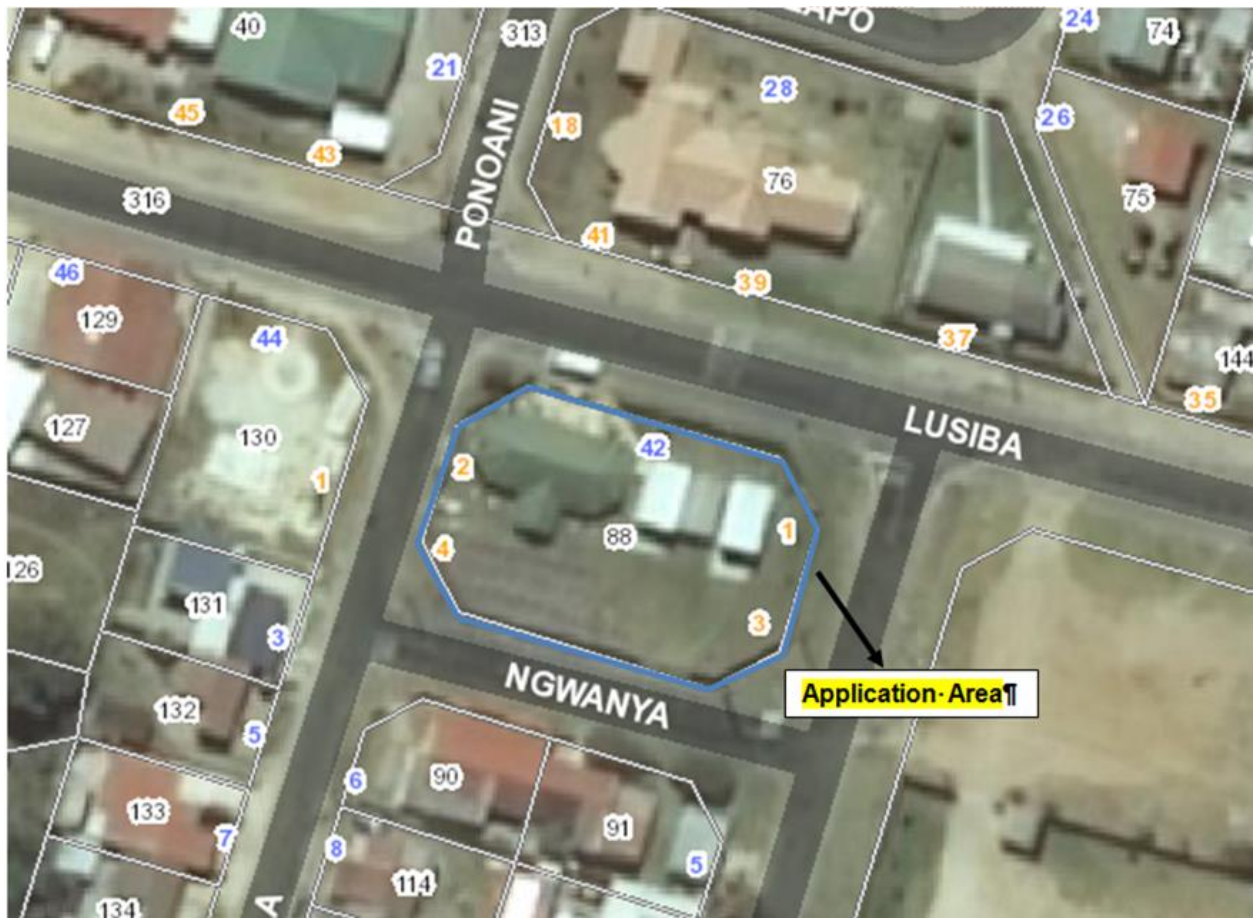
**N Liebenberg
12 March 2019**

(028) 316-3724

Hermanus Administration

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
16 APRIL 2019, WHICH COMMITTEE SUPPORTED THE RECOMMENDATION**

RESPONSIBLE OFFICIAL:	N LIEBENBERG
TARGET DATE FOR IMPLEMENTATION:	31 MAY 2019
TARGET DATE TO INFORM APPLICANT:	8 MAY 2019
TARGET DATE TO INFORM OBJECTOR:	N/A



DATE 27/02/2019
 VERW:
 ENQUIRY: AETALLA



KANTOOR FINASIES
 OFFICE OF THE DIRECTOR OF FINANCE

UNDERTAKING IN RESPECT OF THE SETTLEMENT OF ARREAR RENT AND SERVICES CHARGES BY INSTALLMENTS

ACCOUNT NUMBER	2	0	1	0	0	0	8	8	0	0	0	7
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I, the undersigned, **SIYAZAMA SERVICE CENTRE**

Acknowledge that:

1. I am indebted, in the sum of R **10833.64** to **OVERSTRAND MUNICIPALITY** in respect of monthly **MUNICIPAL SERVICE** charges.
2. I undertake to repay the above debt in **12** monthly installments of R **902.81**
3. Commence the installments on **20/02/2018** and continue to pay the installments on due date until the full amount as mentioned in paragraph 1 above, has been fully settled, where after the said undertaking will lapse. Interest/Penalties will be raised on the arrears.
4. **Furthermore, I understand that I have to pay the abovementioned installment as well as my monthly current account.**
5. I further acknowledges that the Municipality reserves the right to take any other or additional steps in terms of the Housing Act, 1987 (Rent Section 26B of Act no. 2 of 1987) should the I fail to honor any terms of this undertaking.
6. The Municipality is authorized to allocate payments as it deems appropriate.
7. I furthermore accept that should I be in arrears, or so become, the Municipality can terminate any of the respective services until such time as all arrear amounts are paid.
8. The debtor agrees that all the terms of this undertaking will remain in force from the date of signature hereof until the debt indicated in paragraph 1 above, has been settled, where after the said undertaking will lapse.

SIGNED AT HERMANUS ON THIS 04DAY OF FEBRUARY 2019

WITNESSES: 1.
 2.

SIGNATURE OF DEBTOR

028-313 0874 | 072 4516829
 CONTACT DETAILS OF DEBTOR

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 HERMANUS
 7200
 Tel: 028 313 8000
 Fax: 028 313 8048

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 Fax: 028 341 4100

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 7210
 Tel: 028 341 0640
 Fax: 028 341 0445

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