

**AGENDA of the
Portfolio Committee : Investment & Infrastructure
2 June 2022
(Also the agenda for the Mayoral Committee Meeting : 27 June 2022)**

**13.
ERF 196 ZWELIHLE (196 KEPKEY STREET, ZWELIHLE): WRITE-OFF RENTAL,
THE UNITING REFORMED CHURCH IN SOUTH AFRICA**

7/2/3/1

A Le Roux

Manager: Property Administration

11 May 2022

(028) 316-5623

1. Executive Summary

The purpose of the report is to request Council to approve the writing off of an amount of R13,392.68 (THIRTEEN THOUSAND THREE HUNDRED AND NINETY-TWO RAND AND SIXTY-EIGHT CENTS) (Excluding VAT) representing rental levied on a municipal account for the period 1 July 2013 until 28 February 2022, which charges were incurred in terms of a lease agreement entered into with The Uniting Reformed Church in South Africa (hereinafter referred to as the "Church"), in relation to Erf 196 Zwelihle.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate Finance
Department Revenue

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

- Administration of Immovable Property Policy of the Overstrand Municipality, as amended
- Local Government: Municipal Systems Act, Act 32 of 2000
- Customer Care, Credit Control & Debt Collection Policy of the Overstrand Municipality

**AGENDA of the
Portfolio Committee : Investment & Infrastructure
2 June 2022
(Also the agenda for the Mayoral Committee Meeting : 27 June 2022)**

6. Background/Discussion/Conclusion

Background / Discussion

The Church leases Erf 196 Zwelihle, situated at 196 Kepkey Street, Zwelihle (hereinafter called the "Property") for the sole purpose of managing a church. Please see the locality maps attached as per Annexures "A" and "B".

At a Mayoral Committee held on 26 June 2013 the lease of the Property to the Church for the purpose of managing a church for a period of 9 (NINE) years and 11 (ELEVEN) months, commencing from 1 July 2013 was approved. The relevant minutes is attached as per Annexure "C".

The Church has been utilising the Property for church purposes since July 1998. A written lease agreement could however not be located in the records of the Municipality, but an account was opened indicating that there must have been some kind of agreement. From the Municipality's record it is evident that there has been difficulty in concluding a written lease agreement with the Church since establishment of the Property Administration Department.

The Church has relatively new leadership who was unaware of the struggle of having a written lease agreement signed by the parties. The current leaders of the Church explained that the previous leadership did not go to school, and they did not have a good understanding of administrative matters either which led to the significant delay in concluding a signed agreement. As a result of the failure to sign an agreement, rental was not levied on the Church's municipal account, although the Church has been levied for and has been paying for services in respect of the Property.

The present leaders of the Church have taken it upon themselves to become acquainted with the administrative processes and needs of the Municipality and the Church. They have made great effort to meet with officials to gain an understanding of the history, process forward and what needs to be done going forward. The improvement with the present leadership is evident in the fact that after meeting with officials from the Property Administration Department, the Church promptly signed a lease agreement. On 25 February 2022 the Municipality and the Church entered into a written lease agreement in respect of the Property for the purpose of managing a church for a period of 9 (NINE) years and 11 (ELEVEN) months, commencing from 1 July 2013.

In order to give effect to the Mayoral Committee decision dated 26 June 2013, the lease agreement entered into is with effect from 1 July 2013. This has resulted in an immediately high municipal account for arrear rental dating back years all the way to 2013.

**AGENDA of the
Portfolio Committee : Investment & Infrastructure
2 June 2022
(Also the agenda for the Mayoral Committee Meeting : 27 June 2022)**

The Church has applied via the Property Administration Department to request Council to write off the backdated arrear rental in respect of the Property. The Church motivates in its application that, as mentioned above, the reason for a delay in having a lease signed is the previous leader's lack of education and administrative skills. The Church further motivates in its application that it does not have the finances to pay the arrear rental because most of the congregation consists of elderly pensioners who are also raising their grandchildren. On the other hand, the young people who forms less than half of the congregation are either unemployed, studying or working seasonal contract jobs. The Church explains that what they do receive is used to serve the church purposes. The Church lastly explains that their fundraising functions are used to keep them from drowning and that they are operating in a hand to mouth scenario.

The Church further commits that, upon receiving a clean slate, they will endeavour to keep their municipal account up to date. It is notable that the Church has generally kept their municipal account up to date and at the time of signing the lease (prior to the arrear rental being levied) the municipal account was up to date. Based on their account being up to date prior to the backdated rental being levied, it is reasonable to believe that if they had been levied for rental sooner, they would have paid said rental and that they would indeed try their utmost to keep their account up to date going forward if their request is approved.

The lease agreement makes provision for cancellation in the event that the Church fails to pay its rental or other amounts and fails to remedy same. It is unlikely that the Church would be able to raise the amounts necessary to pay off the backdated arrear rental without great difficulty and this could lead to the Church being or remaining in breach of the lease agreement. The Municipality may be forced into a position to spend many resources, both in personnel, time and money to recover the arrear rental, if recoverable at all. The provisions of the lease agreement will in any event provide a remedy for the cancellation of the lease agreement should the municipal account not be kept up to date if this request is approved.

The lease agreement was entered into on 25 February 2022. It is thus recommended and supported by the Property Administration Department that Council approves the writing off of backdated rental from 1 July 2013 until 28 February 2022. The Church's current leaders have been made fully aware of the rental amount payable and thus would have been able to prepare for the levying of rental from 1 March 2022.

The total backdated arrear rental amount from 1 July 2013 to 28 February 2022 is R13,392.68 (THIRTEEN THOUSAND THREE HUNDRED AND NINETY-TWO RAND AND SIXTY-EIGHT CENTS) (Excluding VAT) which amount is calculated in terms of the below illustrative table:

**AGENDA of the
Portfolio Committee : Investment & Infrastructure
2 June 2022
(Also the agenda for the Mayoral Committee Meeting : 27 June 2022)**

Financial Year / Period	Rental per Month (Excluding VAT)	Months	Total for period (Excluding VAT)
1 July 2013 to 30 June 2014	R102.09	12	R1,225.08
1 July 2014 to 30 June 2015	R108.83	12	R1,305.96
1 July 2015 to 30 June 2016	R113.94	12	R1,367.28
1 July 2016 to 30 June 2017	R120.89	12	R1,450.68
1 July 2017 to 30 June 2018	R127.42	12	R1,529.04
1 July 2018 to 30 June 2019	R133.03	12	R1,596.36
1 July 2019 to 30 June 2020	R147.83	12	R1,773.96
1 July 2020 to 30 June 2021	R154.78	12	R1,857.36
1 July 2021 to 28 February 2022	R160.87	8	R1,286.96
Total arrear rental for period (Excluding VAT):			R13,392.68

Conclusion

For the reasons explained above, it is recommended that Council approves the writing off of an amount of R13,392.68 (THIRTEEN THOUSAND THREE HUNDRED AND NINETY-TWO RAND AND SIXTY-EIGHT CENTS) (Excluding VAT) representing rental levied on the municipal account of the Church for the period 1 July 2013 until 28 February 2022.

7. Financial Implications

The Municipality stands to write off an amount of R13,392.68 (THIRTEEN THOUSAND THREE HUNDRED NINETY-TWO RAND AND SIXTY-EIGHT CENTS) (Excluding VAT) representing rental levied on a municipal account for the period 1 July 2013 until 28 February 2022.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

Acting Senior Manager: Expenditure and Assets, Mr C Oppelt - (028) 313 8960

"No comment"

Senior Manager: Revenue, Ms E Hooneberg - (028) 313 8149

"The recommendation is supported by the request that the account be monitored monthly to ensure that the agreement is complied with."

**AGENDA of the
Portfolio Committee : Investment & Infrastructure
2 June 2022
(Also the agenda for the Mayoral Committee Meeting : 27 June 2022)**

Comment from the Property Administration Department: The Property Administration Department can confirm that it will monitor the account of the Church on a monthly basis.

10. Annexures

Annexure A: Locality Map 1
Annexure B: Locality Map 2
Annexure C: Meeting of Mayoral Committee Minutes

RECOMMENDATION TO THE COUNCIL:

that the writing off of an amount of R13,392.68 (THIRTEEN THOUSAND THREE HUNDRED NINETY-TWO RAND AND SIXTY-EIGHT CENTS) (Excluding VAT) representing rental levied on a municipal account of the Uniting Reformed Church in South Africa, in relation to Erf 196 Zwelihle for the period 1 July 2013 until 28 February 2022, **be approved.**

RESPONSIBLE OFFICIAL :	R MARINUS
TARGET DATE FOR IMPLEMENTATION :	29 JULY 2022
TARGET DATE TO INFORM APPLICANT :	15 JULY 2022
TARGET DATE TO INFORM OBJECTOR :	N/A

**AGENDA of the
Portfolio Committee : Investment & Infrastructure
2 June 2022
(Also the agenda for the Mayoral Committee Meeting : 27 June 2022)**

**13.
ERF 196 ZWELIHLE (196 KEPKEY STREET, ZWELIHLE): WRITE-OFF RENTAL,
THE UNITING REFORMED CHURCH IN SOUTH AFRICA**

7/2/3/1

A Le Roux

Manager: Property Administration

11 May 2022

(028) 316-5623

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
2 JUNE 2022, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

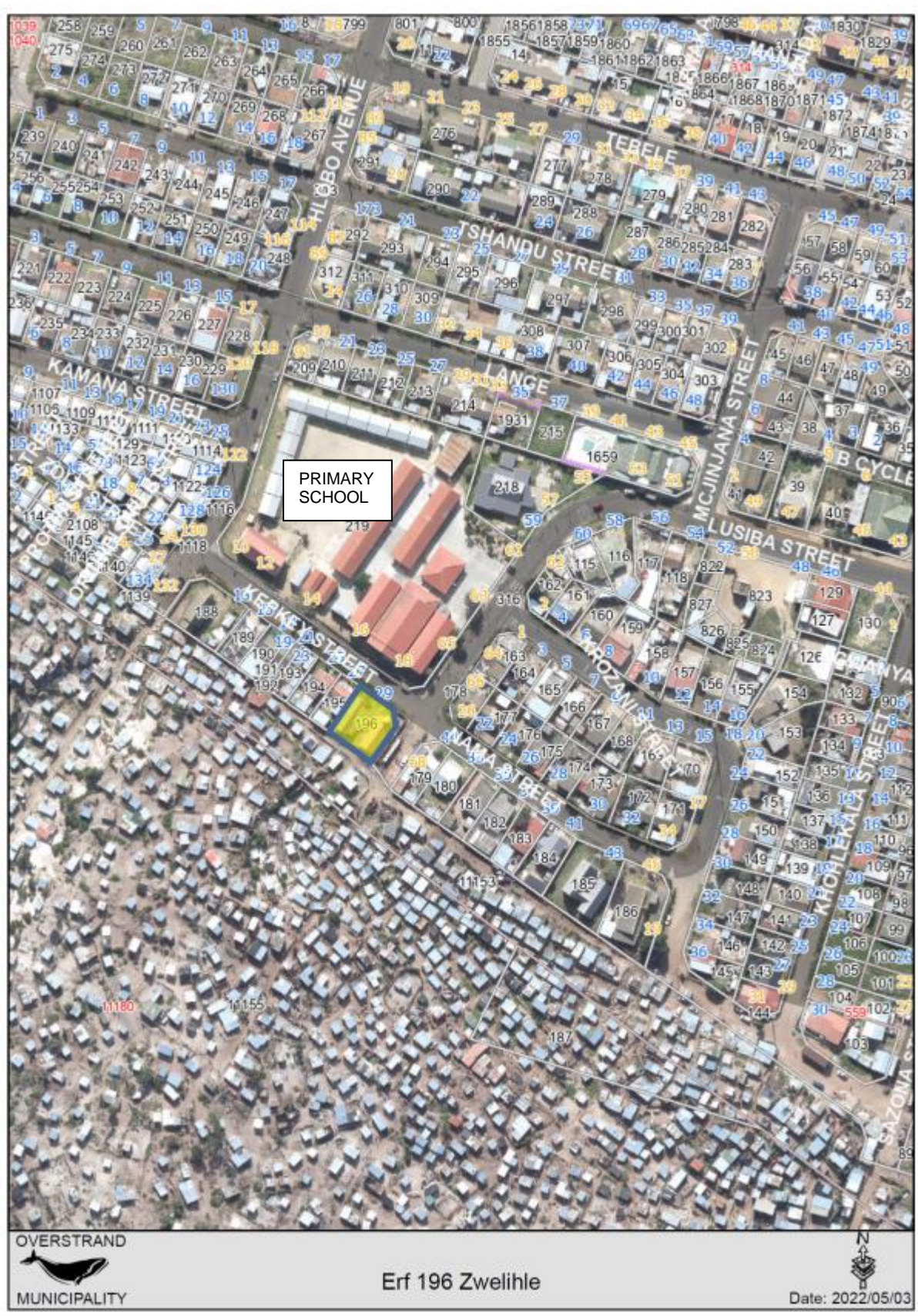
that the writing off of an amount of R13,392.68 (THIRTEEN THOUSAND THREE HUNDRED NINETY-TWO RAND AND SIXTY-EIGHT CENTS) (Excluding VAT) representing rental levied on a municipal account of the Uniting Reformed Church in South Africa, in relation to Erf 196 Zwelihle for the period 1 July 2013 until 28 February 2022, **be approved.**

RESPONSIBLE OFFICIAL :	R MARINUS
TARGET DATE FOR IMPLEMENTATION :	29 JULY 2022
TARGET DATE TO INFORM APPLICANT :	15 JULY 2022
TARGET DATE TO INFORM OBJECTOR :	N/A

ANNEXURE A



ANNEXURE B



**2.
ZWELIHLE, ERF 196, KEPKEY STREET : LEASE OF MUNICIPAL PROPERTY TO
THE UNITING REFORMED CHURCH IN SOUTH AFRICA**

7/2/3/1

**D Jansen van Nieuwenhuizen (028) 313 8966
5 March 2013**

Hermanus Administration

EXECUTIVE SUMMARY

To obtain approval to enter into a lease agreement with the Uniting Reformed Church in South Africa, in respect of municipal property, being Erf 196, Kepkey Street, Zwelihle, for church purposes.

RESOLVED

1. that the lease of municipal property, being Erf 196, Kepkey Street, Zwelihle to the Uniting Reformed Church in South Africa for the purpose of managing a church at a rental amount of R102.09 (VAT excluded) per month for a period of 9 (nine) years and 11 (eleven) months commencing on 1 July 2013 in terms of the Administration of Immovable Property Policy of the Overstrand Municipality, **be approved**;
2. that the rental amount mentioned in 1 above **escalates** annually in accordance with Paragraph 32 of the Administration of Immovable Property Policy;
3. that it **be noted** that the property is leased out of hand to the Uniting Reformed Church in South Africa, since the church utilized the property since July 1999 providing religious sanctuary to the local community;
4. that the normal tariffs for services **be levied** for the services provided to the property, and
5. that the normal property rates in respect of the leased property **not be levied**, as other churches in Zwelihle are also not levied normal property rates.

RESPONSIBLE OFFICIAL : D JANSEN VAN NIEUWENHUIZEN

TARGET DATE FOR IMPLEMENTATION : 1 JULY 2013

TARGET DATE TO INFORM APPLICANT : 27 JUNE 2013

TARGET DATE TO INFORM OBJECTOR : N/A