

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 March 2016  
(Also the agenda for the Mayoral Committee Meeting : 30 March 2016)**

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**20.  
HERMANUS, TRANSFER OF UNREGISTERED ERF 11457 (A PORTION OF ERF  
243), HERMANUS ±2023M<sup>2</sup> IN EXTENT, FOR COMMUNITY PURPOSES (MOUNT  
PLEASANT)**

**7/2/3/2**

**M Erasmus  
10 February 2016**

**(028) 316 - 3724**

**Hermanus Administration**

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**1. Executive Summary**

To obtain final approval for the transfer of unregistered Erf 11457 (a portion of Erf 243), Hermanus (Mount Pleasant), ±2023m<sup>2</sup> in extent, for community purposes, to Hermanus Night Shelter Association.

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

Infrastructure & Planning  
Property Administration

**3. Compliance with Strategic Priorities**

Provision of democratic, accountable and ethical governance  
Creation and maintenance of a safe and healthy environment  
Promotion of tourism, economic and social development  
The encouragement of structured community participation in the matters of the Municipality

**4. Delegated Authority**

None

**5. Legal Requirements**

- Administration of Immovable Property Policy of the Overstrand Municipality, as amended
- Local Government: Municipal Finance Management Act, No 56 of 2003
- Municipal Asset Transfer Regulations (R. 878 of 2008)
- Overstrand Municipality Supply Chain Management Policy, as amended

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

### **Background**

Council approved in principle the alienation of the subject portion of property by means of a competitive process on 3 December 2014. Subsequently tenders were invited for the sale of unregistered Erf 11457 (a portion of Erf 243), Hermanus (Mount Pleasant), ±2023m<sup>2</sup> in extent, for general community purposes on 28 August 2015.

It was resolved by the BID Evaluation Committee on 10 December 2015 to recommend to the delegated authority; the Director: Infrastructure and Planning, that the tender be awarded and subsequently approved by the delegated authority to Hermanus Night Shelter Association for an amount of R136,000.00 (ONE HUNDRED AND THIRTY SIX THOUSAND RAND ALONE) (VAT excluded). The amount tendered is equal to the indicative value of R136,000.00 (ONE HUNDRED AND THIRTY SIX THOUSAND RAND ALONE) (VAT excluded) as indicated in the tender document.

### **Discussion**

The Hermanus Night Shelter Association's aim is to establish a permanent night shelter and to primarily provide a place where homeless people can have a place to sleep in a warm environment, have access to showers, ablutions and have a meal for a small fee. The hall and kitchen will also be available for use by other groups during the day for social or training activities as the facilities are only open to the homeless at night.

### **Evaluation**

#### **A. Administration of Immovable Property Policy of the Overstrand Municipality**

The following conditions of said policy apply:

**Paragraph 9(1)(a): *“The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the municipal council, in terms of sections 14(2)(a) and (b) of the MFMA: decided on reasonable grounds that the immovable property is not needed to provide the minimum level of basic municipal services:”***

The comments from the relevant officials confirmed that the said property is not needed for basic municipal services. Council, when the in principle

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approval was obtained, confirmed that the subject property is not needed to provide the minimum level of basic municipal services.

**Paragraph 9(1)(b) “The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the municipal council, in terms of sections 14(2)(a) and (b) of the MFMA: considered the fair market value of the immovable property and the economic and community value to be received in exchange for the immovable property in accordance with Section 14(2) of the MFMA:”**

The original indicative value of the property was determined by Boland Valuers at an amount of R136,000.00 (ONE HUNDRED AND THIRTY SIX THOUSAND RAND ALONE) (VAT excluded).

**Paragraph 28: “All costs pertaining to a transaction shall be borne by the successful bidder/purchaser, e.g. survey, advertisements, valuation, rezoning, relocation or provision of services where necessary, etc. The Municipality may, however, waive its right to claim the costs should it be to its advantage to bear the costs.”**

The purchaser will be liable for the final transfer advertisement, transfer costs and other costs as may be stipulated.

**Paragraph 31: “Where immovable property is alienated for development, a condition, taking into consideration the nature of the development, might be included in the Deed of Sale stipulating that such development must be completed within two years from date of registration. Likewise a condition may be included in the agreement to provide for forfeiture in the event that the development has not been completed within the required time period, unless a written extension has been granted by the Municipality.”**

A clause to this effect will be inserted in the Deed of Sale.

**Paragraph 32: “Save with prior approval, the immovable property alienated may only be used for the purpose for which it was originally sold and purposes permitted by town planning scheme regulations pertaining to such purposes.”**

A clause to this effect will further be inserted in the Deed of Sale.

**Paragraph 34: “A 10% deposit of the agreed/tendered purchase price will be due and payable by the purchaser/successful bidder**

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*within 10 days of date of request in writing thereof by the Municipality.”*

A clause to this effect will be inserted in the Deed of Sale.

**Paragraph 35: “Interest on the purchase price, as from date of signature of the deed of sale, must be charged by the Municipality should payment or transfer be delayed due to an action or failure on the part of the successful bidder/purchaser.”**

A clause to this effect will be inserted in the Deed of Sale.

**B. Advertisement/Notification**

An advertisement for the transfer of unregistered Erf 11457 (a portion of Erf 243), Hermanus (Mount Pleasant), ±2023m<sup>2</sup> in extent, was placed in The Hermanus News on 9 February 2016 for a 30 (THIRTY) day objection/comment period. No objections/comments were received.

**Conclusion**

It is recommended that the transfer of unregistered Erf 11457 (a portion of Erf 243), Hermanus (Mount Pleasant), ±2023m<sup>2</sup> in extent, for community purposes to Hermanus Night Shelter Association for the amount of R136,000.00 (ONE HUNDRED AND THIRTY SIX THOUSAND RAND ALONE) (VAT excluded) be approved.

**7. Financial Implications**

The Municipality stands to gain an income of R136,000.00 (ONE HUNDRED AND THIRTY SIX THOUSAND RAND ALONE) (VAT excluded).

**8. Staff Implications**

None

**9. Comments from other Departments, Divisions and Administrations**

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

Unregistered Erf 11457 (a portion of Erf 243), Hermanus (Mount Pleasant) is currently reflected in the Fixed Asset Register as part of the greater Erf 243 with an overall carrying value of R11,289,203.00 (Eleven Million, Two Hundred and Eighty Nine Thousand, Two Hundred and Three Rand). Upon the registration of the disposal of unregistered Erf 11457, the Fixed Asset

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Register must be updated accordingly in order to reflect the gain / loss on the disposal of the portion of Erf 243.

**10. Annexures**

Annexure A: Locality Plan

**RECOMMENDATION TO THE COUNCIL:**

1. that the transfer of unregistered Erf 11457 (a portion of Erf 243), Hermanus (Mount Pleasant), ±2023m<sup>2</sup> in extent, for community purposes to Hermanus Night Shelter Association for the amount of R136,000.00 (ONE HUNDRED AND THIRTY SIX THOUSAND RAND ALONE) (VAT excluded), **be approved;**
2. that the Municipal Manager be authorised to sign all documents relating to the transfer of unregistered Erf 11457 (a portion of Erf 243), Hermanus (Mount Pleasant) to Hermanus Night Shelter Association;
3. that cognisance be taken of the fact that the subject portion of Municipal property is **not required** for the provision of the minimum level of basic municipal services in terms of the provisions of paragraph 5 of Council's Administration of Immovable Property Policy and Section 14 of the Local Government: Municipal Finance Management Act, No 56 of 2003; and
4. that Hermanus Night Shelter Association be responsible for all the costs pertaining to the advertisement of the transfer and the registration of the property in the Deeds Office.

<b>RESPONSIBLE OFFICIAL :</b>	<b>M ERASMUS</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>30 APRIL 2016</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>N/A</b>

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7/2/3/2

M Erasmus  
10 February 2016

(028) 316 - 3724

Hermanus Administration

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**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON 22 MARCH 2016, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

**RECOMMENDATION TO THE COUNCIL:**

1. that the transfer of unregistered Erf 11457 (a portion of Erf 243), Hermanus (Mount Pleasant), ±2023m<sup>2</sup> in extent, for community purposes to Hermanus Night Shelter Association for the amount of R136,000.00 (ONE HUNDRED AND THIRTY SIX THOUSAND RAND ALONE) (VAT excluded), **be approved**;
2. that the Municipal Manager be authorised to sign all documents relating to the transfer of unregistered Erf 11457 (a portion of Erf 243), Hermanus (Mount Pleasant) to Hermanus Night Shelter Association;
3. that cognisance be taken of the fact that the subject portion of Municipal property is **not required** for the provision of the minimum level of basic municipal services in terms of the provisions of paragraph 5 of Council's Administration of Immovable Property Policy and Section 14 of the Local Government: Municipal Finance Management Act, No 56 of 2003; and
4. that Hermanus Night Shelter Association be responsible for all the costs pertaining to the advertisement of the transfer and the registration of the property in the Deeds Office.

**RESPONSIBLE OFFICIAL :**

**M ERASMUS**

**TARGET DATE FOR IMPLEMENTATION :**

**30 APRIL 2016**

**TARGET DATE TO INFORM APPLICANT :**

**N/A**

