

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 May 2017  
(Also the agenda for the Mayoral Committee Meeting : 31 May 2017)**

---

**8.  
HERMANUS, A PORTION OF ERF 243: LEASE OF MUNICIPAL PROPERTY TO  
SPRINGSWEG NIGEL EIENDOMME (PTY) LTD T/A HEIDELBERG, NIGEL AND  
HERMANUS NISSAN**

7/2/3/1

M Erasmus

(028) 316-3724

Hermanus Administration

3 March 2017

---

**1. Executive Summary**

To obtain approval to enter into a further lease agreement with Springsweg Nigel Eiendomme (Pty) Ltd t/a Heidelberg, Nigel and Hermanus Nissan, hereafter referred to as "Nissan", in respect of Municipal Property, being a portion of Erf 243 Hermanus ( $\pm 105\text{m}^2$  in extent) situated in Swartdam Road for a period of 3 (THREE) years for the purpose of displaying and parking of vehicles for sale.

**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**

Nissan has been leasing the said portion of municipal property being a portion of Erf 243 Hermanus in Swartdam Road, since 2013 for the purpose of displaying and parking of vehicles for sale.

The last agreement was for a period of 2 (TWO) years which expired on 31 May 2016. Although Nissan applied for renewal of the lease agreement

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 May 2017  
(Also the agenda for the Mayoral Committee Meeting : 31 May 2017)**

---

before the expiry date the processes for the long term lease could not be finalised before said date.

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

### **Discussion**

Nissan has been utilising the said space since 2013 for the parking and display of vehicles for sale and have applied for a further lease agreement of 3 (THREE) years.

The Administration of Immovable Property Policy defines a long term lease as a lease for a period longer than 3 (THREE) years. Although Nissan has applied for a 3 (THREE) year lease agreement the process for a long term lease agreement needs to be followed as the previous lease period have already exceeded the 3 (THREE) years which is classified as a short term lease. The further lease agreement can thus not be dealt with as a short term lease considering the previous lease periods. In terms of the said policy the Municipality may grant a long term lease if the Accounting Officer has approved the lease in principle, a public participation process is followed and Executive Mayor's (as delegated authority) approval is gained in terms of the above policy.

The Executive Mayoral Committee approved on 30 September 2015 the lease of a portion of Erf 2332 Hermanus to Autohaven for similar purposes at a rental amount of R4.05 (FOUR RAND AND FIVE CENTS) (VAT excluded) per square meter. The current rental is R4.49 (FOUR RAND AND FORTY NINE CENTS) (VAT excluded) per square meter. The location of the Autohaven lease is near the area that Nissan is currently utilising. It is therefore recommended that the escalated per square metre lease amount of Autohaven be used to determine the lease of the said property to Nissan.

Nissan's municipal account is up to date. One complaint was previously received regarding the parking of the vehicles to close to the Stop on the corner of Swartdam Road and Angelier Street. After contacting Nissan regarding the complaint the vehicles were immediately removed and not parked on that specific spot thereafter again. The Traffic Department's comments were requested before the previous agreement was entered into and the area for the parking of the vehicles applies to all the requirements which were set out. The agreement makes provision therefore that a 1,5 metre area measured from the tarred surface of the road from Swartdam Road must be free of obstruction at all times to allow for the free movement of pedestrians. The agreement further makes provision therefore that a 5 metre area measured from the tarred surface of the road from Angelier Street must be free of obstruction at all times, this is to ensure that vehicles driving from

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 May 2017  
(Also the agenda for the Mayoral Committee Meeting : 31 May 2017)**

---

Angelier Street will have an unobstructed view of the oncoming traffic in Swartdam Road.

As previously confirmed Nissan applied for the renewal in time and the renewal process was also commenced with by the Property Administration Department in time. Unfortunately due to various changes in Nissan's management the lease agreement could not be entered into before the expiration of the previous agreement as the process was delayed by struggling to reach the person responsible for dealing with the application and receiving the resolutions for authority to apply for the further lease and other unforeseen circumstances. As Nissan is still in occupation of the property the lease amount is still levied monthly on their municipal account and paid by Nissan. Should the renewal of the lease agreement be approved the renewal date will be backdated to commence the day after expiry of the said previous agreement.

### **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 site will not be of any practical use to anyone else it is recommended that it be leased directly to Nissan 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."

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 May 2017  
(Also the agenda for the Mayoral Committee Meeting : 31 May 2017)**

---

The Accounting Officer has approved in principle the lease of the subject portion of Erf 243 Hermanus ( $\pm 105\text{m}^2$  in extent) to Nissan subject thereto that a public participation process be followed. The proposed lease was advertised in the Hermanus News on 17 January 2017 and no objections were received.

**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."**

Nissan will pay the costs relating to the advertisement. No survey or valuation was done and therefore no costs were incurred in this regard.

**Paragraph 40: "Rental, except where it is decided otherwise by the Municipality shall escalate annually by a percentage fixed in accordance with the prevailing consumer price index (all items)."**

A clause to this effect will be inserted 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 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 Erf 243 Hermanus ( $\pm 105\text{m}^2$  in extent) to Nissan was placed in the Hermanus News on 17 January 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 further lease agreement with Nissan be approved for a further period of 3 (THREE) years from 1 June 2016 at a total rental amount of R471.79 (FOUR HUNDRED AND SEVENTY ONE AND SEVENTY NINE CENTS) (VAT

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 May 2017  
(Also the agenda for the Mayoral Committee Meeting : 31 May 2017)**

---

excluded) per month. The lease amount will escalate every year on the 1<sup>st</sup> of July in accordance with the prevailing consumer price index (all items).

**7. Financial Implications**

The Municipality stands to gain rental in the amount of R471.79 (FOUR HUNDRED AND SEVENTY ONE AND SEVENTY NINE CENTS) (VAT excluded) per month for the period of 1 June 2016 to 30 June 2017 where after the lease amount will escalate every year on the 1<sup>st</sup> of July in accordance with the prevailing consumer price index (all items). All expenses pertaining to the proposed lease will be borne by Nissan.

**8. Staff Implications**

None

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

**J Vorster – Senior Manager: Expenditure & Assets**

As this is an income generating proposal, concluded in terms of the conditions set out in the Administration of Immovable Property Policy of the Municipality and with no intension to dispose of the asset, there is no objection to the report.

**10. Annexures**

Annexure A: Locality Plan

**RECOMMENDATION:**

1. that the lease of Municipal Property, being a portion of Erf 243 Hermanus (±105m<sup>2</sup> in extent) to Springsweg Nigel Eiendomme (Pty) Ltd t/a Heidelberg, Nigel and Hermanus Nissan for the purpose of displaying and parking of vehicles for sale at the rental amount of R471.79 (FOUR HUNDRED AND SEVENTY ONE AND SEVENTY NINE CENTS) (VAT excluded) per month for a period of 3 (THREE) years from 1 June 2016 to 30 June 2017 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 1<sup>st</sup> of July by a percentage fixed in accordance with the prevailing consumer price index (all items) with the first escalation being on 1 July 2017.

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 May 2017  
(Also the agenda for the Mayoral Committee Meeting : 31 May 2017)**

---

<b>RESPONSIBLE OFFICIAL :</b>	<b>M ERASMUS</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>30 JUNE 2017</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>15 JUNE 2017</b>
<b>TARGET DATE TO INFORM OBJECTOR :</b>	<b>N/A</b>

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 May 2017  
(Also the agenda for the Mayoral Committee Meeting : 31 May 2017)**

---

**8.  
HERMANUS, A PORTION OF ERF 243: LEASE OF MUNICIPAL PROPERTY TO  
SPRINGSWEG NIGEL EIENDOMME (PTY) LTD T/A HEIDELBERG, NIGEL AND  
HERMANUS NISSAN**

**7/2/3/1**

**M Erasmus  
3 March 2017**

**(028) 316-3724**

**Hermanus Administration**

---

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON  
22 MAY 2017, WHICH COMMITTEE SUPPORTED THE RECOMMENDATION**

<b>RESPONSIBLE OFFICIAL :</b>	<b>M ERASMUS</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>30 JUNE 2017</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>31 MAY 2017</b>
<b>TARGET DATE TO INFORM OBJECTOR :</b>	<b>N/A</b>

