

**AGENDA of the  
Portfolio Committee: Infrastructure & Planning  
19 November 2019  
(Also the agenda for the Mayoral Committee Meeting: 27 November 2019)**

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**8.  
ERF 2506 ONRUSTRIVIER: RENEWAL OF LEASE OF MUNICIPAL PROPERTY  
TO THE “DE WETSAAL BESTUURSKOMITEE”**

7/2/3/1

A le Roux

Manager: Property Administration

1 October 2019

(028) 316-3724

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**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 the “De Wetsaal Bestuurskomitee” (hereinafter called “DWB”) in respect of municipal property, being Erf 2506 Onrustrivier (1,904m<sup>2</sup> in extent) situated at 8 Roos Street, Onrustrivier for the purpose of managing, leasing, supervising and maintaining the De Wet Community Hall as a community project.

**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  
Promotion of tourism, economic and social development

**4. Delegated Authority**

Executive Mayor

**5. Legal Requirements**

- Administration of Immovable Property Policy of the Overstrand Municipality (2015)

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

**Background**

The DWB has successfully managed the De Wet Community Hall for the past 9 (NINE) years and 11 (ELEVEN) months for the purpose of managing, leasing, supervising and maintaining the De Wet Community Hall as a community project. They are a well-established management committee and manage the De Wet Community Hall on behalf of the Municipality to the advantage of the community.

**AGENDA of the  
Portfolio Committee: Infrastructure & Planning  
19 November 2019  
(Also the agenda for the Mayoral Committee Meeting: 27 November 2019)**

---

DWB is a non-governmental organisation and has full legal status. They do not conduct any business for profit, other than the leasing of the De Wet Community Hall, but may initiate and coordinate fundraising in matters and projects that are within the boundaries of community goals as stated in their constitution. The current lease agreement stipulates that the profit must be used for the maintenance of the building and any profit after said maintenance is completed must be paid to the Overstrand Municipality. There have never been profit left after repairs and maintenance was completed as no profit was paid over to the Municipality.

The current lease agreement is for a period of 9 (NINE) years and 11 (ELEVEN) months and expires on 30 November 2019.

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

### **Discussion**

The DWB applied for a further lease agreement of 9 (NINE) years and 11 (ELEVEN) months as from 1 December 2019.

The area applied for has been used by them successfully and without any problems since 2010. No complaints have been received regarding the use of the property by them.

### **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."**

**Paragraph 18: "A competitive process must at all times be followed in circumstances where:**

- 18.1 the lease is for a long term with an income value in excess of**

**AGENDA of the  
Portfolio Committee: Infrastructure & Planning  
19 November 2019  
(Also the agenda for the Mayoral Committee Meeting: 27 November 2019)**

---

*R10 million;*

**18.2 the lease is for a formal business premises with a market related rental;**

**18.3 more than one party, in discretion of the municipality, is interested in the lease of the subject property; and/or**

**18.4 by discretion of the municipality, a competitive process will best serve the interest of the community.”**

As the property is not classified as a formal business site and since it is the best interest of the community to lease the property to the DWB (a social based organisation) as a community facility, it is recommended that the property be leased directly to the DWB 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 further lease of Erf 2506 Onrustrivier to the DWB on condition that a public participation process is followed and further subject to the approval from the Executive Mayor.

The proposed lease was advertised in the Village News on 16 October 2019 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,**

**AGENDA of the  
Portfolio Committee: Infrastructure & Planning  
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---

***however, waive its right to claim all or any portion of the costs. Where necessary a deposit to cover the costs may be required.***

The DWB 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 renewal of the lease of Erf 2506 Onrustvriër was advertised in the Village News on 16 October 2019 for a 30 (THIRTY) day objection/comment period. At the time of compiling this report, no objection/comments were received. The receipt of objections, if any, will be confirmed during the Portfolio Committee Meeting.

**Conclusion**

With reference to the above discussion, it is recommended that the lease agreement with “De Wetsaal Bestuurskomitee” be approved for a further period of 9 (NINE) years and 11 (ELEVEN) months from 1 December 2019 at a rental amount of R147.83 (ONE HUNDRED AND FORTY SEVEN RAND AND EIGHTY THREE CENT) (VAT excluded) per month for the 2019/2020 financial year.

**7. Financial Implications**

The Municipality stands to gain rental in the amount of R147.83 (ONE HUNDRED AND FORTY SEVEN RAND AND EIGHTY THREE CENT) (VAT excluded) per month for the 2019/2020 financial year where after the rental 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 2020. All expenses pertaining to the proposed lease will be borne by the DWB.

**AGENDA of the  
Portfolio Committee: Infrastructure & Planning  
19 November 2019  
(Also the agenda for the Mayoral Committee Meeting: 27 November 2019)**

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**8. Staff Implications**

None

**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 with no intention 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 Erf 2506 Onrustrivier (1,904m<sup>2</sup> in extent) to the “De Wetsaal Bestuurskomitee” for the purpose of managing, leasing, supervising and maintaining the De Wet Community Hall as a community project at the rental amount of R147.83 (ONE HUNDRED AND FORTY SEVEN RAND AND EIGHTY THREE CENT) (VAT excluded) per month for the 2019/2020 financial year for a further period of 9 (NINE) years and 11 (ELEVEN) months as from 1 December 2019 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 2020.

**RESPONSIBLE OFFICIAL:**

**W MURTZ**

**TARGET DATE FOR IMPLEMENTATION:**

**16 DECEMBER 2019**

**TARGET DATE TO INFORM APPLICANT:**

**30 DECEMBER 2019**

**TARGET DATE TO INFORM OBJECTOR:**

**N/A**

**AGENDA of the  
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**Manager: Property Administration**

**1 October 2019**

**(028) 316-3724**

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**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON  
19 NOVEMBER 2019, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

**RECOMMENDATION:**

1. that the lease of municipal property, being Erf 2506 Onrustrivier (1,904m<sup>2</sup> in extent) to the “De Wetsaal Bestuurskomitee” for the purpose of managing, leasing, supervising and maintaining the De Wet Community Hall as a community project at the rental amount of R147.83 (ONE HUNDRED AND FORTY SEVEN RAND AND EIGHTY THREE CENT) (VAT excluded) per month for the 2019/2020 financial year for a further period of 9 (NINE) years and 11 (ELEVEN) months as from 1 December 2019 in terms of the Administration of Immovable Property Policy of the Overstrand Municipality, **be approved**;
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 2020; and
3. that a condition be included in the lease agreement that the hall must be made available to the Municipality free of charge for official meetings and functions.

**RESPONSIBLE OFFICIAL:**

**W MURTZ**

**TARGET DATE FOR IMPLEMENTATION:**

**16 DECEMBER 2019**

**TARGET DATE TO INFORM APPLICANT:**

**30 DECEMBER 2019**

**TARGET DATE TO INFORM OBJECTOR:**

**N/A**

