

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
19 October 2021  
(Also the agenda for the Mayoral Committee Meeting : 28 October 2021)**

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14.

**IN PRINCIPLE APPROVAL FOR THE ALIENATION OF UNREGISTERED ERF 12308 (A PORTION OF ERF 384) HERMANUS SITUATED ON THE CORNER OF CHURCH STREET AND ALBERTYN STREET, HERMANUS, BY MEANS OF A COMPETITIVE PROCESS**

7/2/3/2

R Marinus

Acting Manager: Property Administration

19 September 2021

(028) 316-5609

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**1. Executive Summary**

To obtain in principle approval for the alienation of unregistered Erf 12308 Hermanus (a portion of Erf 384 Hermanus), ±7,342 Square Meters in extent, for the purpose of medical facilities and related community facilities by means of a competitive process.

The locality of unregistered Erf 12308 Hermanus (a portion of Erf 384 Hermanus) is indicated on a locality plan attached per "Annexure A".

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

Infrastructure and Planning  
Property Administration

**3. Compliance with Strategic Priorities**

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

**4. Delegated Authority**

None

**5. Legal Requirements**

- Local Government: Municipal Finance Management Act, Act 56 of 2003 ("MFMA")
- Municipal Asset Transfer Regulations (R. 878 of 2008)
- Administration of Immovable Property Policy of the Overstrand Municipality, as amended

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- Municipal Supply Chain Management Regulations (Notice 868 of 30 May 2005)
- Overstrand Municipality Supply Chain Management Policy, as amended

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

### **Background/Discussion**

Unregistered Erf 12308 Hermanus (a portion of Erf 384 Hermanus), ±7,342 Square Meters in extent, is situated on the corner of Church Street and Albertyn Street, Westcliff, Hermanus (hereinafter called the "Property"). The Property is situated next to Erf 11154 which was alienated by means of a competitive process for the development of an oncology unit. The development of the oncology unit has been successful. There is however a need for additional medical facilities and related community facilities in the vicinity. The development of further medical facilities and related community facilities will add further value to the area and especially address the need for additional medical facilities.

The Property has recently undergone various Town Planning processes in order for it to become available for this purpose, which include the closure of a public open space (Erf 384 Hermanus), rezoning from Open Space Zone 2 to Community Zone 1: Community Facilities with a Consent Use for institutional use. These Town Planning processes have been done and some are near the process of completion in order for this Property to be able to be made available for the development of medical facilities and related community facilities as sought in this report.

The proposed medical facility and related community facilities contributes to the agglomeration effect by being located adjacent and close to other medical facilities. Sharing economies include sharing of infrastructure, facilities, suppliers, workers and knowledge. Infrastructure, especially network-based infrastructure, is characterized by large returns to scale. Transport and telecommunication infrastructure become more valuable as the density of the network increases. The agglomeration effect therefore increases the cost-efficiency and feasibility of the proposal. The proposed additional development of medical and related community facilities is compatible with the character of the area and does not negatively impact on the surrounding owners and the environment.

As the oncology unit development has been successful and there is now a further need for general medical facilities and related community facilities in the vicinity and from a town planning perspective the necessary is being done to alienate the Property for this purpose, it is recommended that the Property be made available by means of a competitive process for medical facilities and related community facilities.

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An endemic plant species, the kukumakranka is found on the south-western corner of the Property. That area has been earmarked as an open space / garden and will be retained as such as a condition of the proposed alienation in order to protect the specie.

**Evaluation**

A. Evaluation in terms of the Administration of Immovable Property Policy of the Overstrand Municipality

The following conditions of said policy apply to this report:

**Paragraph 9.1(a): “The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, 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 received from the relevant officials confirmed that the Property is not needed for the provision of 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 has, 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.”**

Boland Valuers determined the market related value of the Property on 10 September 2021 at an amount of R7,841,000.00 (SEVEN MILLION EIGHT HUNDRED FORTY-ONE THOUSAND RAND) (VAT excluded).

**Paragraph 9.1(c): “The Municipality may transfer ownership or otherwise dispose of a non-exempted immovable property only after the Municipal Council has, in terms of sections 14(2)(a) and (b) of the MFMA has as a consequence to 9.1(a) and (b) above approved in principle that the immovable property may be transferred or disposed of, and the method of disposal or transfer.”**

The purpose of this report is to request in principle approval from Council for the alienation of the Property by means a competitive process.

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**Paragraph 15.1: “The transfer of immovable property must, except in the case of non-viable immovable property, be affected by means of competitive process, which may include a public or closed tender, auction or proposal call.”**

It is recommended that the Property be alienated by means of a competitive process.

**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 successful bidder will be liable for all costs pertaining to the transaction, excluding the cost for the valuation of the Property. Costs for the successful bidder will include, but is not limited to, a Section 14 advertisement, transfer costs, connection of services and any other costs pertaining to the transaction and proposed development.

**Paragraph 29: “Should existing services need to be relocated or secured by means of the registration of a servitude in favour of the Municipality as a result of the alienation of the immovable property, all related costs shall be for the account of the successful bidder/purchaser.”**

The successful bidder shall be liable for all cost in this regard should it be necessary.

**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 be included in any deed of sale to be entered into between the Municipality and the successful bidder.

**Paragraph 34: “A 10% deposit of the agreed/tendered purchase price will be due and payable by the purchaser/successful bidder within 10 days of date of request in writing thereof by the Municipality.”**

A clause to this effect will be included in any deed of sale to be entered into between the Municipality and the successful bidder.

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**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 included in the deed of sale to be entered into between the Municipality and the successful bidder.

**B. Advertisement/Notification**

The necessary advertisement in terms of Section 14 of the MFMA will be published after the tender is duly awarded. The successful bidder will be liable for the costs of the Section 14 advertisement.

**Conclusion**

It is recommended that the Property be alienated for the purposes of developing medical facilities and related community facilities, by means of a competitive process, at not less than the market related value.

Furthermore, it is recommended that the successful bidder be liable for all costs, excluding the costs for the valuation of the Property.

**7. Financial Implications**

The Municipality stands to gain a market related purchase price for the Property.

**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 12308 Hermanus (a portion of Erf 384 Hermanus) is reflected in the Fixed Asset Register for PPE Land as part of the bigger Erf 384 Hermanus at a carrying value of R12’763’841-07 (TWELVE MILLION SEVEN HUNDRED AND SIXTY THREE THOUSAND EIGHT HUNDRED AND FOURTY ONE RAND SEVENT CENTS) (VAT included) as on 30 June 2021. The eventual disposal of unregistered Erf 12308 (a portion of Erf 384 Hermanus), will have to be accounted for as a disposal in order to remove it from the Fixed Asset Register and to account for the gain/(loss).*

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*There is no objection as the application complies with the Administration of Immoveable Property Policy.”*

**Senior Town Planner: Ms H van der Stoep – (028) 313 8938**

*“The rezoning process has been completed. The outstanding issues are the surveying and approving of the Surveying diagrams and closure of the public open space. The land use application for the rezoning, subdivision and closure in terms of the By-Law on Land Use Planning have been completed.*

*Attached the draft diagrams. The process to obtain the 3 quotations to appoint a Land Surveyor to finalize the surveying. The process with regard to the closure of the park is also in process.”*

Comments from the Property Administration Department: The rezoning process already completed is from Open Space Zone 2 to Community Zone 2 with a consent use for institutional use in order to accommodate medical and related community facilities on the Property.

**Senior Manager: Hermanus Administration: Mr A Wyngaard – (028) 313 8112**

*“I support the sale of the said property for medical and related community facilities.”*

**Senior Manager: Operational Services: Mr T Marx – (028) 313 8092**

*“Services are available in the vicinity of the property. We have no objection but there is a specific plant on the property which is very threatened. I suggest that you also hear from the Environmental Department before continuing.”*

**Environmental Manager: Ms P Aplon - (028) 316 5619**

*“This office has no objection to the sale and development of Erf 384, Hermanus. The demarcated area of the kukumakranka must however be maintained as indicated in the SDP.”*

Comments from the Property Administration Department: The area with the kukumakranka has been earmarked as an open space / garden and will be retained as such as a condition of the proposed alienation in order to protect the specie.

**Manager: Engineering Services: Mr R Andrew - (028) 313 5073**

As part of the Town Planning application for the rezoning, consent use, closure of a public place and amendment of the Overstrand Municipal, Spatial

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Development Framework of 2020 and Growth Management Strategy of 2010 in order to make the Property available for the proposed purpose, the Engineering Department prepared the engineering services report attached hereto and marked "Annexure B". The report's use for this report was confirmed and the following comment was added:

*"The Engineering Services Department has the following conditions/comments:*

- (a) That all the conditions specified by the Engineering Services Department's feedback/report be complied with.*
- (b) That the Purchaser will be responsible for the implementation of the conditions specified in the Engineering Services Department's feedback/report, at his/her own cost.*
- (c) That the Purchaser will be responsible for the payment of bulk services contribution levies in line with the current legislation or any Council decision".*

Comments from the Property Administration Department: The relevant conditions imposed will be included in a deed of sale.

**Senior Superintendent (Projects): J M Klem - (028) 316 5625**

*"The Electrical department does not have any objections towards the development, however keep in mind this is an open space and there are no electrical capacity available on this property. A formal application must be made for the needed capacity for the development."*

Comments from the Property Administration Department: The deed of sale will stipulate that such costs are for the bidders account.

**Senior Manager: (Building Services): Mr L Coetzee – (028) 313 8091**

*"The Building Control Department has **no objection**. The building plan application must comply with all applicable law."*

**Senior Superintendent: Operations: Mr P De Gruchy – (028) 313 0999**

*"Will the roadway act as an entrance towards the proposed medical facility?  
Will the general public have access into the proposed medical facility through this new roadway, and will it be controlled by a Boom or Security gate or will it be an open roadway?  
Will this be the only entrance towards the proposed medical facility?  
Will heavy motor vehicles be entering the proposed medical facility at this entrance, reason asked is because Flower street in a very narrow roadway?"*

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*Will the new entrance cause larger vehicles to turn down R43 into Fourie street towards the proposed medical facility? As this will cause a problem towards the traffic flow on the R43.”*

The response from the Senior Town Planner: Ms H van der Stoep to these queries were as follows:

*“In terms of the General Plan Fourie Street continues to Church Street. However in order to limit traffic to Church Street , only a portion of the road will be utilised to ensure access to the site. The access will be open to the public to gain access to the site. The access points will be in accordance with the Engineering Departments comments and approval.*

*Define heavy vehicles, delivery of products etc. will only be related to the use of the property. Again this aspect must be clarified with the Engineering Department.*

*The approval of the application is subject to the Engineering Comments which addresses traffic flow and accesses.”*

Comments from the Property Administration Department: The relevant conditions from the Engineering Department will be included in a deed of sale.

**Assistant Chief: Fire Safety & Health and Safety: E Solomons - (028) 313 8979**

*“The fire department has no objection subject to compliance with the provision of SANS-A:2016, 10400-T:2020 and the By-Law relating to community fire safety.”*

## **10. Annexures**

Annexure A: Locality Map  
Annexure B: Engineering Services Report

## **RECOMMENDATION TO THE COUNCIL:**

1. that the alienation of unregistered Erf 12308 Hermanus (a portion of Erf 384 Hermanus), ±7,342 Square Meters in extent, for the purpose of medical facilities and related community facilities by means of a competitive process at no less than the fair market value, **be approved in principle;**

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2. that all costs pertaining to the transaction, including, but not limited to, the transfer costs, water, sewer and electricity connections, the section 14 advertisement, services relocation costs and servitude registration costs, but excluding the valuation costs, where applicable, be paid by the successful bidder/purchaser;
3. that a condition be registered against the title deed of the Property that it may only be used and developed for medical facilities and related community facilities;
4. that the relevant conditions stipulated and imposed by the Manager: Engineering Services as well as those included in the Engineering Services Report be included in the deed of sale; and
5. that it is hereby confirmed by Council that the municipal property herewith envisaged to be alienated is not required for the provision of basic municipal services in terms of paragraph 5 of the Administration of Immovable Property Policy approved by Council on 25 November 2015 and Section 14 of the Local Government: Municipal Finance Management Act (Act 56 of 2003).

<b>RESPONSIBLE OFFICIAL :</b>	<b>R MARINUS</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>IN PROCESS</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>N/A</b>
<b>TARGET DATE TO INFORM OBJECTOR :</b>	<b>N/A</b>

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14.

**IN PRINCIPLE APPROVAL FOR THE ALIENATION OF UNREGISTERED ERF 12308 (A PORTION OF ERF 384) HERMANUS SITUATED ON THE CORNER OF CHURCH STREET AND ALBERTYN STREET, HERMANUS, BY MEANS OF A COMPETITIVE PROCESS**

7/2/3/2

R Marinus

Acting Manager: Property Administration

19 September 2021

(028) 316-5609

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**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON 19 OCTOBER 2021, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

**RECOMMENDATION TO THE COUNCIL:**

1. that the alienation of unregistered Erf 12308 Hermanus (a portion of Erf 384 Hermanus), ±7,342 Square Meters in extent, for the purpose of medical facilities and related community facilities by means of a competitive process at no less than the fair market value, **be approved in principle**;
2. that all costs pertaining to the transaction, including, but not limited to, the transfer costs, water, sewer and electricity connections, the section 14 advertisement, services relocation costs and servitude registration costs, but excluding the valuation costs, where applicable, be paid by the successful bidder/purchaser;
3. that a condition be registered against the title deed of the Property that it may only be used and developed for medical facilities and related community facilities;
4. that the relevant conditions stipulated and imposed by the Manager: Engineering Services as well as those included in the Engineering Services Report be included in the deed of sale; and
5. that it is hereby confirmed by Council that the municipal property herewith envisaged to be alienated is not required for the provision of basic municipal services in terms of paragraph 5 of the Administration of Immovable Property Policy approved by Council on 25 November 2015 and Section 14 of the Local Government: Municipal Finance Management Act (Act 56 of 2003).

**RESPONSIBLE OFFICIAL :**

**R MARINUS**

**TARGET DATE FOR IMPLEMENTATION :**

**IN PROCESS**

**TARGET DATE TO INFORM APPLICANT :**

**N/A**



**COMMENTS FROM THE ENGINEERING SERVICES DEPARTMENT FOR:  
APPLICATION FOR REZONING, CONSENT USE, CLOSURE OF A PUBLIC  
PLACE AND AMENDMENT OF THE OVERSTRAND MUNICIPAL, SPATIAL  
DEVELOPMENT FRAMEWORK, 2020 AND GROWTH MANAGEMENT  
STRATEGY, 2010: ERF 398, WESTCLIFF**

Water	:	According to GLS Report
Sewer	:	According to GLS Report
Roads and traffic	:	Refer to comments
Stormwater (SW)	:	According to the SW master plan
Electricity	:	According to master plan

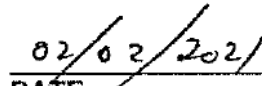
**Conditions:**

1. that a Bulk Services Contribution Levy (BICL) be paid by the developer(s) to supplement municipal services and amenities in accordance with the relevant legislation and as determined by the Council. The BICL tariff is adjusted by Council annually.
2. that the developer(s) at his/her cost constructs the internal municipal civil and electrical services for the development as well as any link or bulk municipal services that need to be provided;
3. that servitudes for municipal services be registered in favour of the Council at the developer's cost in respect of all main services to be taken over by the Council and all existing municipal services concerned crossing private property;
4. that a plan of all existing services be submitted to the Director: Infrastructure and Planning, by the developer and that any of the services that need to be relocated, be done by the developer at his cost to the satisfaction of the Director: Infrastructure and Planning:
  - 4.1 way-leaves must be obtained from the Operational Manager;
  - 4.2 such way-leaves to be obtained prior to any excavation on public property or property where existing services are located;
5. that the developer(s) may enter into an agreement with the Council to install or upgrade bulk and/or link municipal services and amenities at an agreed cost, subject to the following:
6. that plans of all the internal municipal civil and electrical (high and low voltage supply) services and such link services as required by the Director: Infrastructure and Planning, prepared by an ECSA registered professional engineer/technologist, be submitted to the Director: Infrastructure and Planning for his prior approval;
7. the "Guidelines for the Provision of Engineering Services in Residential Townships" (Blue Book), SABS 1200 specifications and the Design and Construction Standards for civil and electrical services of the Council to be

used as the standard design and construction criteria with which such plans must comply;

8. the Director: Infrastructure and Planning to be notified in writing of all deviations from the Standard Design and Construction Criteria when plans are submitted for his approval and such deviations to be separately approved in writing by the Director: Infrastructure and Planning;
9. the successful completion of such works to be supervised and certified by an independent professional civil engineer/technologist i.e. a professional civil engineer/technologist who has no direct financial interest in the development, other than payment as standard professional fees for the work concerned; and
10. that a stormwater management plan, which may include attenuation facilities to ensure that the pre-development run-off is not exceeded and that erosion and pollution is minimised, be submitted to the Director: Infrastructure and Planning for approval and that the approved management plan be implemented by the developer at his cost to the satisfaction of the Director: Infrastructure and Planning;
11. that the developers(s) provide for individual water and electricity meters at each consumption point;
12. that an investigation be done by the developer to determine the availability and capacity for water and sewer at his cost, by the municipality's consulting engineers GLS Consulting;
13. that the electricity reticulation and supply be provided according to the master plan by the developer;
14. that the developer appoint a consulting electrical engineer to determine the electricity demand for the development and pay a fee to Overstrand Municipality to determine the capacity in the existing electricity network;
15. that the developer may apply for a temporary water connection at Overstrand Municipality's Finance Department, before commencement of construction; The connection to the main water line can only be done by the Operational Department, after payment of the connection fee, by the developer;
16. that damage to the existing roads, used as routes for access to the development, for the provision of services, be repaired by the developer.

  
 DENNIS HENDRIKS  
 SENIOR MANAGER:  
 ENGINEERING SERVICES

  
 DATE