

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 September 2015  
(Also the agenda for the Mayoral Committee Meeting : 30 September 2015)**

---

11.

**HERMANUS, A PORTION OF ERF 2332, ARUM STREET: LEASE OF MUNICIPAL PROPERTY TO PREWAY INVESTMENTS CC T/A AUTOHAVEN**

7/2/3/1

M Erasmus

(028) 316-3724

Hermanus Administration

18 August 2015

---

**1. Executive Summary**

To obtain approval to enter into a lease agreement with Preway Investments CC t/a Autohaven in respect of municipal property, being a portion of Erf 2332, Arum Street, Hermanus ( $\pm 72\text{m}^2$  in extent), for parking purposes for the display of vehicles.

**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 (2014)

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

**Background**

The Applicant has been leasing the subject portion of Erf 2332, Hermanus from the Municipality since 2010 for parking purposes for the display of vehicles. The most recent agreement expired on 30 November 2014.

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

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 September 2015  
(Also the agenda for the Mayoral Committee Meeting : 30 September 2015)**

---

### **Discussion**

The applicant applied to lease the subject portion of the property for a further period of 9 (NINE) years and 11 (ELEVEN) months.

In terms of the Administration of Immovable Property 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 the Executive Mayor's (as delegated authority) approval is obtained in terms of the above policy.

The Accounting Officer (Municipal Manager) approved the lease of the property to the Applicant in principle on 8 April 2015. As no other applications for the specific site were received and the site is not classified as a business site the property can be leased directly to the applicant without following a competitive process.

A valuation was done in 2010 to determine the lease amount per month for the subject portion of property. The lease amount was annually escalated in accordance with the CPI (all items) as determined in the agreement and the above policy. It is proposed that the lease commence with the last lease amount which was R278.41 (TWO HUNDRED AND SEVENTY EIGHT RAND AND FOURTY ONE CENTS) (Vat excluded) per month for the period of 1 December 2014 (which is a day after the expiration of previous agreement) to 30 June 2015. With an escalation of 4.7% in July 2015 it is proposed that the lease amount from 1 July 2015 be R291.50 (TWO HUNDRED AND NINETY ONE RAND AND FIFTY CENTS) (Vat excluded) per month where after the lease amount will escalate annually by a percentage fixed in accordance with the prevailing consumer price index

During the processing of the application a concern was raised regarding the space for pedestrians to move freely on the pavement. As such a condition will be included in the lease agreement stipulating that an area of 1,5 metres from the road must at all times be kept open to provide free access to pedestrians.

### **Evaluation**

#### **6.1 Application process in terms of the Administration of Immovable Property Policy of the Overstrand Municipality of 2014:**

##### **6.1.1 Compliance**

The following conditions of the Administration of Immovable Property Policy of the Overstrand Municipality apply:

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 September 2015  
(Also the agenda for the Mayoral Committee Meeting : 30 September 2015)**

---

- (1) 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.”**

The Accounting Officer (Municipal Manager) approved in principle the lease of the subject portion of Erf 2332, Arum Street, Hermanus on 8 April 2015. The proposed lease was advertised in the Hermanus Times on 17 July 2015.

- (2) 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.”**

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

- (3) 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.

- (5) 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 will be included in the lease agreement with the Applicant.**

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 September 2015  
(Also the agenda for the Mayoral Committee Meeting : 30 September 2015)**

---

### **6.1.2 Advertisement/Notification**

An advertisement for the lease of a portion of Erf 2332, Arum Street, Hermanus, was placed in the Hermanus Times on 17 July 2015 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 lease agreement with the Applicant be approved for a period of 9 (NINE) years and 11 (ELEVEN) months commencing on 1 December 2014 at a rental amount of R278.41 (TWO HUNDRED AND SEVENTY EIGHT RAND AND FOURTY ONE CENTS) (Vat excluded) per month.

### **7. Financial Implications**

The Municipality stands to gain a lease in the amount of R278.41 (TWO HUNDRED AND SEVENTY EIGHT RAND AND FOURTY ONE CENTS) (Vat excluded) per month for the period of 1 December 2014 to 30 June 2015. For the period 1 July 2015 to 30 June 2016 the Municipality will receive a lease amount of R291.50 (TWO HUNDRED AND NINETY ONE RAND AND FIFTY CENTS) (Vat excluded) per month whereafter the lease amount will escalate every year on the 1<sup>st</sup> of July in accordance with the prevailing consumer price index. All expenses pertaining to the proposed lease will be borne by the applicant.

### **8. Staff Implications**

None

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

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

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

### **10. Annexures**

Annexure A: Locality Plan

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 September 2015  
(Also the agenda for the Mayoral Committee Meeting : 30 September 2015)**

---

**RECOMMENDATION:**

1. that the lease of Municipal Property, being a portion of Erf 2332, Arum Street, Hermanus ( $\pm 72\text{m}^2$  in extent) to Preway Investments CC t/a Autohaven for parking purposes for the display of vehicles at the rental amount of R291.50 (TWO HUNDRED AND NINETY ONE RAND AND FIFTY CENTS) (Vat excluded) per month for a period of 9 (NINE) years and 11 (ELEVEN) months as from 1 December 2014 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.

<b>RESPONSIBLE OFFICIAL :</b>	<b>M ERASMUS</b>
<b>TARGET DATE FOR IMPLEMENTATION :</b>	<b>10 OCTOBER 2015</b>
<b>TARGET DATE TO INFORM APPLICANT :</b>	<b>3 NOVEMBER 2015</b>
<b>TARGET DATE TO INFORM OBJECTOR :</b>	<b>N/A</b>

**AGENDA of the  
Portfolio Committee : Infrastructure & Planning  
22 September 2015  
(Also the agenda for the Mayoral Committee Meeting : 30 September 2015)**

---

**11.  
HERMANUS, A PORTION OF ERF 2332, ARUM STREET: LEASE OF MUNICIPAL  
PROPERTY TO PREWAY INVESTMENTS CC T/A AUTOHAVEN**

**7/2/3/1**

**M Erasmus**

**(028) 316-3724**

**Hermanus Administration**

**18 August 2015**

---

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON  
22 SEPTEMBER 2015, WHICH COMMITTEE SUPPORTED THE  
RECOMMENDATION**

**RESPONSIBLE OFFICIAL :**

**M ERASMUS**

**TARGET DATE FOR IMPLEMENTATION :**

**10 OCTOBER 2015**

**TARGET DATE TO INFORM APPLICANT :**

**3 NOVEMBER 2015**

**TARGET DATE TO INFORM OBJECTOR :**

**N/A**

