

URGENT ITEM

9.	URGENT MATTERS
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9.1	PROPOSED INFILL HOUSING DEVELOPMENT OF THE FOLLOWING OF ERVEN 11554- 11570, LINDIDA, IDAS VALEY, STELLENBOSCH
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Collaborator No: 801526
IDP KPA Ref No: Good Governance
Meeting Date: 18 February 2026

1. SUBJECT: PROPOSED INFILL HOUSING DEVELOPMENT OF THE FOLLOWING OF ERVEN 11554- 11570, LINDIDA, IDAS VALEY, STELLENBOSCH

2. PURPOSE

To report to Council on the feasibility and the suitability of the sites for residential development in Lindida, Idas Valley and for Council to consider disposing of these properties by way of Public Auction. (As part of this, a study was conducted to investigate and assess the availability of infrastructure services and to provide a cost analysis for any upgrades required. See cost analysis attached as **ANNEXURE 1.**)

3. DELEGATED AUTHORITY

Council.

4. EXECUTIVE SUMMARY

Stellenbosch Municipality is actively involved in creating housing opportunities for the disadvantaged, however, there are an array of challenges including but not limited to the availability of resources and allocations from National and Provincial Government as well as the availability of land for housing (Integrated Development Plan IDP, 5th Generation 2022- 2027). This project serves as a means to develop vacant and underdeveloped portions of land within Idas Valley to address the housing need.

The particular goal of this study was to perform an investigation to determine whether the proposed development of erven 11554 - 11570, Lindida, Idas Valley can be accommodated within the existing infrastructure systems or not. There was an urgent need for the properties to be investigated for an integrated urban development, providing housing opportunities. This will be achieved with due consideration for the environment within which the project is located, as well as the optimum development potential of the subject properties.

The investigation included a site investigation of the relevant erven to make recommendations on the best use and provide high-level cost estimates for the installing all services (Water, sewer, roads, and electrical services) to the respective erven. See attached **ANNEXURE 1.**

Locality

The following sites were under investigation:

Erven 11554 - 11570 (17 erven) is situated in Talana Street, which is off Lindida Drive in the suburb of Idas Valley, Stellenbosch. There is currently a stormwater trench running between the erven and the existing houses. Erven 11554 - 11570 is represented graphically in Figure 1 below.



Figure 1: Erf 11554 to 11570, Lindida

5. RECOMMENDATIONS

- (a) that erven 11554 -11570, Lindida, Idas Valey be identified as land not needed to provide the basic municipal services;
- (b) that Council approves the disposal of the erven as mentioned in (a) above by way of public Auction at a reserve price (the market value of the erven) determined by an independent valuator;
- (c) that the auction provisions include the following of which proof must be provided to the Municipality at the auction:
 - (i) that erven 11554 -11570, Lindida, Idas Valley be allocated for first-time home owners in terms of the qualifying beneficiary criteria under the heading: Beneficiary Selection Criteria 6.5;
 - (i) that the land must be used to build housing for the buyer him/herself within 2 years of transfer;
 - (ii) that a restrictive condition be written into the title deed that if the building is not constructed within this period the property will fall back to the Municipality to be bought back at the same price it was sold at the auction;
 - (iii) that a further restrictive clause be written into the title deed that the property may not be sold for a period of at least 8 years and if the owner wants to sell the property the property will fall back to the Municipality to be bought back at the property at the price it was sold on auction;
- (d) that the stormwater channel behind erven 11554 -11570 along Talana Street, Lindida, Idas Valley be upgraded as well as the installation of water, sewer and stormwater connections for each of the 17 erven;
- (e) that the funding to upgrade the infrastructure as mentioned in (d) above for the development of erven 11554 -11570, Lindida, Idas Valley has been made available during the adjustment budget process in January 2026;
- (f) that the cost of approximately R1 000 000 be utilized from ukey 20250701027274, which is municipal funds; and
- (g) that the auction commences only after the infrastructure services on the said erven have been completed in the current financial year.

6. DISCUSSION / CONTENTS**6.1 Background**

When Lindida was developed in the late 1980s – early 1990s period by Garden Cities, certain sites were never developed although services were installed. After Garden Cities completed the development according to the terms of their appointment, these erven as mentioned in the report, reverted to the municipality. This information only became available when an audit was done on the availability of land in Idas Valley.

The sites are situated within an existing residential area, with uncertainty about the availability, level of service and/or condition of the existing services. The land is currently zoned for residential purposes and has already been subdivided, and forms part of an approved General Plan.

Imodie Projects was appointed by Stellenbosch Municipality to undertake a link and bulk investigation study (see attached cost analysis as **ANNEXURE 1**) for the development of erven 11554 -11570 and erven 11452 – 11463, Lindida, Idas Valley, Stellenbosch.

The cost analysis attached as **ANNEXURE 1** provides technical information regarding the external and internal civil engineering services required for the implementation of the proposed vacant erven.

The scope of work during the feasibility phase consisted of:

- Assessing the availability of bulk water supply;
- assess availability of bulk sewerage handling;
- assess water pressure during peak demand period;
- assess sewerage flow during peak demand period;
- assess stormwater flow and capacity in channel over erven in Talana Street erven; and
- assess the construction of the extension of Newman Street to Davy Street to provide access to the subject erven.

6.2 Discussion

Stellenbosch Municipality has an important responsibility of ensuring that all its citizens reside in developable, formalised, safe, and sustainable human settlements and, to the extent possible, within closer proximity to employment opportunities that would improve the quality of life of all citizens.

Based on this investigation, the following conclusions can be made:

- a) The water connection to the individual erven is not in place.
- b) From the investigation into the sewer network, it appears that the sewer connections to the individual erven are in place, but assessments were based on a sample size, and provision has been made for potentially 10 house connections.
- c) The section of Newman Street must be built to provide acceptable access to a number of new houses.
- d) The stormwater channel at the back of Talana Street does not have sufficient capacity to accommodate the 1:50 year flood. Liaison with local residents revealed that flooding of the houses in the vicinity has taken place in the past directly as a result of the overflow from the inadequate channel.
- e) The proposed development of the 17 erven can be implemented safely if the following are implemented first:
 - Install water connection;
 - Install sewer connections; and
 - Upgrade stormwater channel behind erven along Talana Street.
- f) The upgrading costs amount to approximately R1 000 000.

6.3 Legal Framework

6.3.1 Municipal Finance management act, no 56 of 2003 (MFMA)

In terms of section 14(1) of the MFMA *"a municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services."*

Further, in terms of sub-section (2) *"a municipality may transfer ownership or otherwise dispose of a capital asset other than one contemplated in subsection (1), but only after the municipal council, in a meeting open to the public—*

- (a) *has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and*
- (b) *has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset."*

In terms of subsection (5) *"any transfer of ownership of a capital asset in terms of subsection (2) must be fair, equitable, transparent, competitive and consistent with the supply chain management policy which the municipality must have and maintain in terms of section 111."*

6.3.2 Municipal Asset Transfer Regulations(ATR)

In terms of Regulation 5 of the ATR :-

"1) A municipality may transfer or dispose of a non-exempted capital asset only after—

- (a) *the accounting officer has in terms of regulation 6 conducted a public participation process to facilitate the determinations a municipal council must make in terms of section 14(2)(a) and (b) of the Act; and*
- (b) *the municipal council—*
 - (i) *has made the determinations required by section 14(2)(a) and (b)* and*
 - (ii) *has as a consequence of those determinations approved in principle that the capital asset may be transferred or disposed of.*
- (2) *Sub-regulation (1)(a) must be complied with only if the capital asset proposed to be transferred or disposed of is a high value *capital asset.*

* i.e. in excess of R50M

6.3.3 Property Management Policy

In terms of par.7.2.1 of the policy, ***"unless otherwise provided for in this policy*, the disposal of Viable Immovable property shall be effected-***

- (a) *by means of a process of **public competition**; and*
- (b) ***at market value*** except when the public interest or the plight of the poor demands

*Further, in terms of par.7.2.3, before alienating Immovable property or rights in Immovable property the Municipality shall be satisfied that **alienation is the appropriate methodology and that reasonable economic, environmental and social return cannot be derived whilst ownership of the Immovable property or Property rights is retained by the Municipality.***

In term of par.9.1 of the Policy, the Municipality may use any of the following methods, depending on the circumstances pertaining the specific Immovable property:

- a) The type of a formal tender may vary, depending on the nature of the transaction:*
 - i) Outright tender may be appropriate where the Immovable property ownership is not complex, and the Municipality is seeking obligations to be placed on the successful tenderer which are clear and capable of specification in advance.*
 - ii) Qualified tenders/call for proposals will be appropriate where the Immovable property ownership position is complex or the development proposals for the Immovable property are insufficiently identified or otherwise incapable of detailed specification at the pre-tender stage.*
 - iii) Call for proposals on a build-operate transfer (B.O.T) basis will be used if a developer is required to undertake the construction, including the financing, of a facility on Municipal-owned land, and the operation and maintenance thereof. The developer operates the facility over a fixed term during which it is allowed to charge facility users appropriate fees, rentals and charges not exceeding those proposed in its bid or as negotiated and incorporated in the contract, to enable the developer to recover its investment and operating and maintenance expenses in the project. The developer transfers the facility to the municipality at the end of the fixed term.*
- b) The nature of the formal tender process is that a legally binding relationship is formed between the parties when the Municipality accepts a tender in writing. It is essential therefore, that every aspect of the disposal is specified in the tender documents. The tender documents could include a contract for sale or lease which could be completed with the tenderer's details, the tender price and be signed by the tenderer. A binding legal agreement is created upon the acceptance in writing of a tender by the Municipality.*
- c) Such a process may, depending on the nature of the transaction, include a two-stage or two-envelope bidding process (proposal call) in terms of which only those bidders that meet the pre-qualification criteria specified in the first stage are entitled to participate in the second stage.*

6.4 Land Cost

The purpose of the land cost breakdown is to guide Council on the sale price of erven to qualify First Home Finance (FHF) beneficiaries for the establishment of GAP housing. The land cost differs by erf size.

The land cost was derived according to the latest municipal valuation provided by the Section: Property Valuations on 4 November 2025.

The valuation of the erven is listed as follows:

No.	Erf number	Extent (m ²)	Valuation (R)
1.	11554	118	104 066
2.	11555	192	106 280
3.	11556	177	97 977
4.	11557	216	119 565
5.	11558	184	101 851
6.	11559	178	98 530
7.	11560	178	98 530
8.	11561	178	98 530
9.	11562	178	98 530
10.	11563	178	98 530
11.	11564	178	98 530
12.	11565	178	98 530
13.	11566	178	98 530
14.	11567	186	102 959
15.	11568	178	98 530
16.	11569	184	101 851
17.	11570	234	129 529
TOTAL		2310	1 278 679

6.5 Beneficiary Selection Criteria

Contribution based subsidy programme (First Home Finance Programme (FHFP) previously known as FLISP) will be applicable to Erven 11554 to 11570, Idas Valley

Principle:

This type of subsidy uses the principle of the applicants “self-selecting” of which demand will equate to verifiable proof that the applicant/s have sure and access to the financial resources required to purchase the property. The maximum subsidy available for different income brackets is seen in **ANNEXURE 2**.

If the demand outstrips the supply, then registration date ordering will be used.

Round 1:

- a) Must be a South African citizen.
- b) The buyer be a resident of Idas Valley (utility account/lease agreement/proof of address or sworn affidavit by third party to substantiate *domicile*) for a period of at least 10 years.
- c) One erf per purchaser.
- d) The buyer may not have received any form of financial assistance/subsidy from the state in obtaining a house/serviced site previously.
- e) The buyer may not own other fixed assets at the time of the auction.
- f) Must be a first time homeowner.
- g) Should have a combined income of up to R40 000 per month before tax.

- h) Should potential buyers have moved out of Idas Valley due to circumstances, proof of municipal account or sworn affidavits by third party may be used as proof of domicile.
- i) Should the potential beneficiary qualify for FHFP the financial institution will facilitate the subsidy application.

Round 2:

- a) Must be a South African citizen.
- b) The buyer reside of with the WC024 (utility account/lease agreement/proof of address or sworn affidavit by third party to substantiate *domicile*) for a period of at least 10 years.
- c) One erf per purchaser.
- d) The buyer may not have received any form of financial assistance/subsidy from the state in obtaining a house/serviced site previously.
- e) The buyer may not own other fixed assets at the time of the auction.
- f) Must be a first-time homeowner.
- g) Should have a combined income of up to R40 000 per month before tax.
- h) Should potential buyer have moved out of Idas Valley due to circumstances, proof of municipal account or sworn affidavits by third party may be used as proof of domicile.
- i) Should the potential beneficiary qualify for FHFP the financial institution will facilitate the subsidy application.

6.6 Financial Implications

That Council allocate funding for the upgrading costs of R1 000 000 for the development of erven 11554-11570, Lindida, Idas Valley, Stellenbosch.

A valuator will have to be appointed to determine the market-related value of the property. The Municipality will have to carry the costs of the valuator. The successful bidder will carry the costs of the registration of the property.

6.7 Legal Implications

The property has already been determined by Council that it is not needed to provide the minimum level of basic municipal services so there will be no further legal implications.

6.8 Staff Implications

This report has no staff implications to the Municipality.

6.9 Previous / Relevant Council Resolutions:

None.

6.10 Risk Implications

If the property is not sold it will remain vacant and could possibly be subject to illegal occupation.

ANNEXURES**ANNEXURE 1: Cost analysis report****ANNEXURE 2: First-home finance programme: subsidy quantum breakdown****FOR FURTHER DETAILS CONTACT:**

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REPORT DATE	<i>12-02-2026</i>

ANNEXURE 1

LINDIDA SERVICES UPGRADE
Oct-25

Talana Street

	Unit	Quantity	Rate	Amount
1 Establishment on Site & General Obligations				R109 000.00
Fix obligations	Per Site	1	R40 000.00	R40 000.00
Time Related	Per Day	30	R2 300.00	R69 000.00
2 Clearing and Grubbing				R51 000.00
Clean SW Channel	m	170	R300.00	R51 000.00
Clean areas for water connection	No	17	R825.00	R14 025.00
Clean areas for sewer connection	No	0	R780.00	R0.00
Clean for new road	m2	0	R95.00	R0.00
3 Water Connections				R159 052.00
Provide & Install house water connections and meters	No	17	R9 356.00	R159 052.00
4 Sewer Connections				R0.00
Provide and install sewer connections	No	0	R7 500.00	R0.00
5 Road Construction				R0.00
150mm G6 Subbase on gravel areas	m3	0	R890.00	R0.00
100mm G4 Basecourse on gravel areas	m3	0	R945.00	R0.00
Rip and compact existing insitu layer gravels area	m3	0	R423.00	R0.00
6 Upgrade SW channel				R344 000.00
Excavate and build new SW channel	m	160	R2 150.00	R344 000.00

7	Prime Coat	m2			R0.00
	MC 70 Cut back bitumen	m2	0	R55.00	R0.00
8	Asphalt Base				R0.00
	30mm Asphalt layed	m2	0	R450.00	R0.00
9	Health and Safety	days			R15 000.00
	Minor Works	days	30	R500.00	R15 000.00
					R0.00
					R678 052.00

Add Professional Services and supervsion 16%	R108 488.32
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TOTAL COST INFRASTRUCTURE UPGRADE	R786 540.32
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Add 15% Vat	R117 981.05
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Total Cost Including Vat	R904 521.37
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Escalaion @ 10%	90452.1368
Final Costs Estimate	R994 973.50

ANNEXURE 2



FIRST HOME FINANCE

	Lower	Higher	Subsidy Amount
1	R 3 501.00	R 3 700.99	R 169 264.60
2	R 3 701.00	R 3 900.99	R 167 815.86
3	R 3 901.00	R 4 100.99	R 166 367.12
4	R 4 101.00	R 4 300.99	R 164 918.39
5	R 4 301.00	R 4 500.99	R 163 469.65
6	R 4 501.00	R 4 700.99	R 162 020.92
7	R 4 701.00	R 4 900.99	R 160 572.18
8	R 4 901.00	R 5 100.99	R 159 123.44
9	R 5 101.00	R 5 300.99	R 157 674.71
10	R 5 301.00	R 5 500.99	R 156 225.97
11	R 5 501.00	R 5 700.99	R 154 777.24
12	R 5 701.00	R 5 900.99	R 153 328.50
13	R 5 901.00	R 6 100.99	R 151 879.76
14	R 6 101.00	R 6 300.99	R 150 431.03
15	R 6 301.00	R 6 500.99	R 148 982.29
16	R 6 501.00	R 6 700.99	R 147 533.56
17	R 6 701.00	R 6 900.99	R 146 084.82
18	R 6 901.00	R 7 100.99	R 144 636.08
19	R 7 101.00	R 7 300.99	R 143 187.35
20	R 7 301.00	R 7 500.99	R 141 738.61
21	R 7 501.00	R 7 700.99	R 140 289.88
22	R 7 701.00	R 7 900.99	R 138 841.14
23	R 7 901.00	R 8 100.99	R 137 392.40
24	R 8 101.00	R 8 300.99	R 135 943.67
25	R 8 301.00	R 8 500.99	R 134 494.93
26	R 8 501.00	R 8 700.99	R 133 046.20
27	R 8 701.00	R 8 900.99	R 131 597.46
28	R 8 901.00	R 9 100.99	R 130 148.72
29	R 9 101.00	R 9 300.99	R 128 699.99
30	R 9 301.00	R 9 500.99	R 127 251.25
31	R 9 501.00	R 9 700.99	R 125 802.52
32	R 9 701.00	R 9 900.99	R 124 353.78
33	R 9 901.00	R 10 100.99	R 122 905.04
34	R 10 101.00	R 10 300.99	R 121 456.31
35	R 10 301.00	R 10 500.99	R 120 007.57
36	R 10 501.00	R 10 700.99	R 118 558.83
37	R 10 701.00	R 10 900.99	R 117 110.10
38	R 10 901.00	R 11 100.99	R 115 661.36
39	R 11 101.00	R 11 300.99	R 114 212.63
40	R 11 301.00	R 11 500.99	R 112 763.89
41	R 11 501.00	R 11 700.99	R 111 315.15
42	R 11 701.00	R 11 900.99	R 109 866.42
43	R 11 901.00	R 12 100.99	R 108 417.68
44	R 12 101.00	R 12 300.99	R 106 968.95
45	R 12 301.00	R 12 500.99	R 105 520.21



FIRST HOME FINANCE

46	R 12 501.00	R 12 700.99	R 104 071.47
47	R 12 701.00	R 12 900.99	R 102 622.74
48	R 12 901.00	R 13 100.99	R 101 174.00
49	R 13 101.00	R 13 300.99	R 99 725.27
50	R 13 301.00	R 13 500.99	R 98 276.53
51	R 13 501.00	R 13 700.99	R 96 827.79
52	R 13 701.00	R 13 900.99	R 95 379.06
53	R 13 901.00	R 14 100.99	R 93 930.32
54	R 14 101.00	R 14 300.99	R 92 481.59
55	R 14 301.00	R 14 500.99	R 91 032.85
56	R 14 501.00	R 14 700.99	R 89 584.11
57	R 14 701.00	R 14 900.99	R 88 135.38
58	R 14 901.00	R 15 000.99	R 86 686.64
59	R 15 001.00	R 15 200.99	R 85 237.91
60	R 15 201.00	R 15 400.99	R 83 789.17
61	R 15 401.00	R 15 600.99	R 82 340.43
62	R 15 601.00	R 15 800.99	R 80 891.70
63	R 15 801.00	R 16 000.99	R 79 442.96
64	R 16 001.00	R 16 200.99	R 77 994.23
65	R 16 201.00	R 16 400.99	R 76 545.49
66	R 16 401.00	R 16 600.99	R 75 096.75
67	R 16 601.00	R 16 800.99	R 73 648.02
68	R 16 801.00	R 17 000.99	R 72 199.28
69	R 17 001.00	R 17 200.99	R 70 750.55
70	R 17 201.00	R 17 400.99	R 69 301.81
71	R 17 401.00	R 17 600.99	R 67 853.07
72	R 17 601.00	R 18 000.99	R 66 404.34
73	R 18 001.00	R 18 200.99	R 64 955.60
74	R 18 201.00	R 18 400.99	R 63 506.87
75	R 18 401.00	R 18 600.99	R 62 058.13
76	R 18 601.00	R 19 000.99	R 60 609.39
77	R 19 001.00	R 19 200.99	R 59 160.66
78	R 19 201.00	R 19 400.99	R 57 711.92
79	R 19 401.00	R 19 600.99	R 56 263.19
80	R 19 601.00	R 19 800.99	R 54 814.45
81	R 19 801.00	R 20 000.99	R 53 365.71
82	R 20 001.00	R 20 200.99	R 51 916.98
83	R 20 201.00	R 20 400.99	R 50 468.24
84	R 20 401.00	R 20 600.99	R 49 019.51
85	R 20 601.00	R 20 800.99	R 47 570.77
86	R 20 801.00	R 21 000.99	R 46 122.03
87	R 21 001.00	R 21 200.99	R 44 673.30
88	R 21 201.00	R 21 400.99	R 43 224.56
89	R 21 401.00	R 21 600.99	R 41 775.83
90	R 21 601.00	R 21 800.99	R 40 327.09
91	R 21 801.00	R 22 000.99	R 38 911.40