

PROPERTY RATES

The property rates are to be levied in accordance with existing Council policies, the Local Government Municipal Property Rates Act 2004 (MPRA) and the Local Government Municipal Finance Management Act 2003.

The Rates Policy was compiled taking into account feedback received from the Finance Portfolio Committee, Councillors, ratepayers and clients since the adoption of the 2013/14 Property Rates Policy in May 2013. In addition, it was informed by the Public Participation Process following the tabling of the Draft 2014/15 Budget on 26 February 2014 and subsequent workshops held with the Finance Portfolio Committee and relevant staff during the period March to April 2014. The Total Municipal Account (TMA) was modelled to assess the impact of all the billed Council charges on households spread over fourteen valuation brackets to determine the affordability of the package of tariff increases.

Property rates are based on values indicated in the General Valuation Roll 2012 (GV) with the date of valuation being 1 July 2012. The Roll is being updated for properties affected by land sub-divisions, alterations to buildings, demolitions and new buildings (improvements) through Supplemental Valuation Rolls.

Accordingly the rates levied per individual property will depend on that property's value compared with the valuation of all the rateable properties in the municipal area. The total amount of rates included in the budget is 6.5% more than for the 2013/14 financial year and takes into account natural growth.

Rebates and concessions are granted to certain categories of property usage and/or property owner.

The definitions and listing of categories are reflected in the Rates Policy attached as Annexure 5.

Residential Properties

For all residential properties, as defined per the Rates Policy, the rates payable will be rebated by the amount of rates payable on such properties of up to the first R200 000 of the individual property value.

The proposed cent-in-the-rand to be levied on all residential properties, as defined per the Rates Policy for 2014/15, is R0,006254. This is the base rate and all other rates levied will be shown as a ratio to the residential rate.

Industrial / Commercial Properties – Undeveloped Land

All properties (including all undeveloped properties) other than those defined as residential will be rated at the ratio of 1:2 to the rate levied on residential properties. The proposed cent-in-the-rand for all properties other than residential for 2014/15 is R0,012508.

Agricultural Properties

Agricultural properties (including farms and small holdings) fall into three categories;

- (a) those used for residential purposes,
- (b) those used for *bona fide* farming purposes,
- (c) those used for other purposes such as industrial or commercial.

Properties in rural areas that are not used for *bona fide* farming, but are used as residential properties will be categorised as "residential" and qualify for the rebate of up to the first R200 000 of municipal value as per the General Valuation Roll and the residential cent-in-the-rand. The proposed cent-in-the-rand for agricultural properties or small holdings that qualify for residential status for 2014/15 is R0,006254.

Bona fide farming properties as defined per the Rates Policy qualify for the special agricultural rate for 2014/15 which is an 80% rebate on the rate levied on residential properties. This rebate exceeds the 75% rebate as per the MPRA Regulations. The proposed cent-in-the-rand levied on such qualifying properties for 2014/15 is R0,001251.

All other properties in rural areas not used for *bona fide* farming or residential purposes will be rated at the ratio of 1:2 to the residential rate and the proposed cent-in-the-rand for 2014/15 is R0,012508.

Public Service Infrastructure

In terms of the MPRA Council may not levy rates on the first 30% of the market value of Public Service Infrastructure. The remainder of the market value is rated at the ratio of 1:0.25 of the residential rate (ignoring any rebates or reductions) and the proposed cent-in-the-rand for 2014/15 is R0,001564.

Senior Citizens and Disabled Persons Rate Rebate

Registered owners of residential properties who are senior citizens and/or disabled persons qualify for special rebates according to gross monthly household income of the persons normally residing on that property. To qualify for the rebate a property owner must be a natural person and the owner of a property which satisfies the requirements of the definition of residential property, and must on 1 July of the financial year:

- occupy the property as his/her primary residence, provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or children (including minor children) may satisfy the occupancy requirement; and
- be at least 60 years of age or in receipt of a disability pension; and
- be in receipt of a gross monthly household income as defined in paragraph 3 of the Rates Policy not exceeding R12 000 as proven by the submission of the applicant's most recent income tax return and the minimum of three months bank statements from all financial institutions or, if the person does not have a bank account, such proof as the City may require to substantiate the person's level of gross monthly household income; and not be the owner of more than one property internationally (subject to paragraph 5.7.11 of the Rates Policy).

A usufructuary or habitatio (right of habitation) or an executor or administrator of a deceased estate will be regarded as an owner. However the applicant must produce a letter or an affidavit from the Master of the Court or a suitably endorsed title deed to substantiate the appointment.

The criteria of a natural person may be waived at the sole discretion of the CFO to allow for a property owned by a trust where at least one beneficiary meets all of the other requirements of paragraph 5.7 of the Rates Policy; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of all beneficiaries, which income may, collectively, not exceed R12 000.

The criteria of a natural person may be waived at the sole discretion of the CFO to allow for a property owned by a Close Corporation (CC) where the total number of members meets all of the other requirements of paragraph 5.7 of the Rates Policy; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of all members, which income may, collectively, not exceed R12 000.

The criteria of a natural person may be waived at the sole discretion of the CFO to allow for a property owned by multiple owners where at least one co-owner meets all of the other requirements of paragraph 5.7 of the Rates Policy; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of the co-owners of that property, which income may, collectively, not exceed R12 000.

The criteria of registered owner (per the Deeds Office) may be waived at the sole discretion of the CFO to allow the holder of a share or the holder of a life right and who occupies that sectionalised property which that person has the right to occupy and such person is responsible for the payment of the rates in terms of their right to occupy, to allow that owner and occupant to apply for this rebate (subject to all the other applicable requirements of paragraph 5.7 of the Rates Policy).

Owners must apply for the rebate in the year when a new GV or SV, as the case may be, are implemented. Applications made when a new GV is implemented must be received by the City by 31 August of the financial year when the GV will be implemented. Applications made when a SV is implemented, must be received by the City by the last day of the third month following the implementation date of the SV, failing which no such rebate may be granted for those financial years.

Owners of properties where a change of gross household income qualifies the property for a rebate or for a different percentage rebate must apply for the rebate within three months of when the change occurred, failing which no such rebate may be granted for that financial year.

Approved rebate applications will remain valid until the next GV, SV or changes of gross household income affecting those properties are implemented. An owner is required to immediately inform Council should the gross monthly income change. Paragraph 6.2 of the Rates Policy will apply should an owner fail to do so.

Any owner who meets all the other criteria above may apply to receive the rebate from the date of receipt by the City of the application for the remainder of the validity of that GV, where after all the criteria set out above will apply to applications for rebates in subsequent financial years.

In exceptional circumstances the CFO may, in his/her sole discretion, approve the granting of this rebate even though the applicant and/or spouse and/or life partner owns additional properties for which a market-related rental is included in the gross monthly household income.

Where a Senior Citizen's gross monthly household income changes substantially as a result of the spouse/partner passing away the surviving spouse/partner may apply for the rebate to be adjusted from the date of death.

Where a couple qualifies for a rebate in terms of paragraph 5.7 of the Rates Policy and one passes away and the surviving spouse/partner does not qualify in terms of age and/or disability, the rebate be retained for a period of 12 months from the date of death subject to meeting the other criteria of paragraph 5.7 of the said policy.

The percentage rebate granted to different gross monthly household income levels will be determined according to the schedule below.

The gross monthly household incomes and rebates for the 2014/2015 financial year are as follows:

Gross Monthly Household Income		% Rebate	Gross Monthly Household Income		% Rebate
2013/14		2013/14	2014/15		2014/15
0	3500	100%	0	3500	100%
3501	5000	95%	3501	5000	95%
5001	6000	90%	5001	6000	90%
6001	7000	80%	6001	7000	80%
7001	8000	70%	7001	8000	70%
8001	8500	60%	8001	8500	60%
8501	9000	50%	8501	9000	50%
9001	9500	40%	9001	9500	40%
9501	10000	30%	9501	10000	30%
10001	11000	20%	10001	11000	20%
11001	12000	10%	11001	12000	10%

Rebates for Certain Categories of Properties / Property Users

Special rebates will be considered for certain categories of property upon application before 31 August 2014.

The categories of properties qualifying for exemption and rebates are as per the Rates Policy.

Amended Municipal Property Rates Regulations on the Rate Ratios between Residential and Non-Residential Properties.

Any property that meets the public benefit organisation criteria included in the regulation, yet does not qualify for the 100% rebate in terms of Council's Rates Policy, shall be rated at 25% of the residential rate and the proposed cent-in-the-rand for 2014/15 is R0.001564.

Budget Implications

The Budget for 2014/15 has been balanced using the estimated income from levying the rates in this report.

Provision has been made in the Budget for 2014/15 for the income foregone arising from the rebates and concessions in this report as detailed in the Rates Policy.