

ITEM NUMBER: C 40/03/15

RECOMMENDATION FROM THE EXECUTIVE MAYOR: 19 MARCH 2015

MC 21/03/15 APPLICATION FOR THE DETERMINATION OF A SPECIAL RATING AREA (SRA) KNOWN AS THE ELSIES RIVER CITY IMPROVEMENT DISTRICT (ERCID)

It is **RECOMMENDED** that:

- (a) the City of Cape Town determine the area as reflected in the body of the report on the agenda to be declared a special rating area (SRA), known as the Elsie's River City Improvement District (ERCID), in terms of the Special Rating Area By-law, 2012
- (b) the City of Cape Town approve the application submitted by Makeshift 1104 (Pty) Ltd, the registered owner of Erf 9722, Elsie's River, to establish an SRA in the ERCID area in terms of section 8.1 (a) of the By-law
- (c) the City of Cape Town impose the levying of an additional rate on commercial properties in the ERCID in terms of section 22(1)(b) of the Local Government: Municipal Property Rates Act (MPRA), Act 6 of 2004, after section 10 of the By-law has been met
- (d) a Finance Agreement be concluded between the City of Cape Town and the ERCID Management Committee in terms of section 12(6) of the By-law.



REPORT TO COUNCIL

DATE 2015-03-17

1. ITEM NUMBER : MC 21/03/15

2. SUBJECT

APPLICATION FOR THE DETERMINATION OF A SPECIAL RATING AREA (SRA) KNOWN AS THE ELSIES RIVER CITY IMPROVEMENT DISTRICT (ERCID)

**ONDERWERP
AANSOEK OM DIE BEPALING VAN 'N SPESIALE-AANSLAGGEBIED (SRA) BEKEND AS DIE ELSIESRIVIER-STADSVERBETERINGSDISTRIK (ERCID)**

ISIHLOKO

ISICELO SOKUGQITYWA/SOKUMISELWA KOMMANDLA ONGEERHAFU EZIZODWA (SRA) OBIZWA NGOKUBA SISITHILI SOPHUCULO KWEZOSHISHINO SASE-ELSIES RIVER (ERCID)

3. STRATEGIC INTENT

- Opportunity City
- Safe City
- Caring City
- Inclusive City
- Well-run City

4. PURPOSE

To declare the Elsie River Industria area a Special Rating Area (SRA) called Elsie River City Improvement District (ERCID).

5. FOR NOTING BY / FOR DECISION BY

- This report is for noting only/information only.
- This report is for consideration/decision by:

- Council

6. EXECUTIVE SUMMARY

In terms of the Special Rating Area By-Law, Council has received an application to determine a SRA in the ERCID area.

The application complies with all legal aspects as per the SRA By-Law and SRA Policy in terms of process and majority support.

The Steering Committee obtained a 54.4% support from property owners in the proposed area and no objections were received against the establishment of the SRA or the proposed Business Plan.

An additional rate will be levied on commercial properties within ERCID in terms of Section 22(1)(b) of the Local Government Municipal Property Rates Act (MPRA), Act 6 of 2004.

This report recommends that the application be approved and that a SRA be declared in the Elsies River City Improvement District (ERCID) after Section 10 of the By-law is met. A Finance Agreement will be concluded between the City of Cape Town and the ERCID Management Committee.

7. RECOMMENDATIONS

It is recommended that:

- a) The City of Cape Town determine the area as reflected in the body of this report to be declared a special rating area (SRA), known as the Elsies River City Improvement District (ERCID), in terms of the Special Rating Area By-law, 2012.
- b) The City of Cape Town approve the application submitted by Makeshift 1104 (Pty) Ltd, the registered owner of erf 9722, Elsies River, to establish an SRA in the ERCID area in terms of section 8.1(a) of the By-law.
- c) The City of Cape Town impose the levying of an additional rate on commercial properties in the ERCID in terms of section 22(1)(b) of the Local Government: Municipal Property Rates Act (MPRA), Act 6 of 2004, after section 10 of the By-law has been met.
- d) A Finance Agreement be concluded between the City of Cape Town and the ERCID Management Committee in terms of section 12(6) of the By-law.

AANBEVELINGS

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Daar word aanbeveel dat:

- a) Die Stad Kaapstad bepaal dat die gebied soos weerspieël in die inhoud van hierdie verslag as 'n spesiale-aanslaggebied (SRA), bekend as die Elsiesrivier-stadsverbeteringsdistrik (ERCID), verklaar word ingevolge die Verordening op Spesiale-aanslaggebiede, 2012.
- b) Die Stad Kaapstad die aansoek ingedien deur Makeshift 1104 (Edms.) Bpk., die geregistreerde eienaar van erf 9722, Elsiesrivier, goedkeur om 'n SRA in die ERCID-gebied tot stand te bring ingevolge artikel 8.1(a) van die verordening.
- c) Die Stad Kaapstad die heffing van 'n bykomende tarief op kommersiële eiendomme in die ERCID instel ingevolge artikel 22(1)(b) van die Wet op Plaaslike Regering: Munisipale Eiendomsbelasting (MPRA), Wet 6 van 2004, nadat daar aan artikel 10 van die verordening voldoen is.
- d) 'n Finansiële ooreenkoms tussen die Stad Kaapstad en die ERCID-bestuurskomitee gesluit word ingevolge artikel 12(6) van die verordening.

IZINDULULO

Kundululwe ukuba:

- a) ISixeko saseKapa masigqibe ngommandla njengoko ubonakaliswe kumbindi wale ngxelo ukuba ubhengezwe njengommandla ongeerhafu ezizodwa (SRA), obizwa ngokuba siSithili soPhuculo kwezoShishino sase-Elsies River (ERCID), ngokungqinelana noMthetho kaMasipala ongoMmandla ongeerhafu ezoZodwa wango-2012.
- b) ISixeko saseKapa masiphumeze isicelo esingeniswe ngabe- Makeshift 1104 (Pty) Ltd, umnini obhalisweyo wesiza-9722, Elsies River, sokuba kumiselwe i-SRA kummandla we-ERCID ngokwecandelo-8.1(a) loMthetho kaMasipala.
- c) ISixeko saseKapa masinyanzelise umrhumo olixabiso elongezelelekileyo kwii-propati ezingezorhwebo kwi-ERCID, ngokungqinelana necandelo-22(1)(b) loMthetho wobuRhulumente boMmandla ongamaXabiso eePropati zikaMasipala (MPRA) ongunomb.6 wangowe-2004, emva kokuba kuye kwazalisekiswa/kwafezekiswa icandelo-10 loMthetho kaMasipala.
- d) Makuqunjelwe isivumelwano esingezimali phakathi kweSixeko saseKapa neKomiti yoLawulo ye-ERCID, ngokungqinelana necandelo-12(6) loMthetho kaMasipala.

LSU F0635



8. DISCUSSION/CONTENTS

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8.1. Constitutional and Policy Implications

The City of Cape Town, as with most of the major cities in South Africa, is grappling with the challenge of providing an equitable level of service to all its inhabitants. It acknowledges that property owners within an area require a mechanism to create a friendly environment to enhance its current service delivery capacity. The SRA model allows property owners to provide additional municipal services to improve and upgrade the area which is funded from additional property rates.

Accordingly a Steering Committee was formed to pursue the process of establishing an SRA under the guidance of the ISL Department. The Steering Committee submitted an application, attached as Annexure A, which includes the following:

- Motivation Report, Implementation Plan and Budget.
- Property database of all properties eligible to pay the additional rate with an indication of who supported the application and verified by the ISL Department.
- An affidavit from the applicant that more than 50% of the property owners supported the formation of the SRA.
- Public meetings advertisements, Minutes, Presentation and Public perception survey report.

The Steering Committee obtained 54.4% support (181 erven out of the 333 commercial properties) within the proposed SRA.

The application had been advertised for comments and objections and was available for scrutiny at the offices of the City and the Steering Committee. No objections to the Business Plan were received.

As spelt out by the applicant in the Business Plan of ERCID the only way to halt the downward spiral of decay is to establish a sustainable and well managed urban management process. The SRA concept has proved itself to be one of the better joint ventures between Council and property owners to combat urban decay on a wide front without Council neglecting/shifting its primary duties.

The applicant complied with all the legislative processes and majority support as required by the SRA By-law and SRA Policy in terms of the establishment process.

An SRA additional rate will be calculated on the total municipal valuation of all the commercial properties within the ERCID area to enable Council to collect the ERCID first year budget of R 1 974 536. This SRA additional rate will be implemented as from 1 July 2015 after Section 10 of the By-law is met. This SRA additional rate will be considered for approval as part of the Council budget process and will be implemented as from 1 July 2015. A Finance Agreement will be

concluded between the City of Cape Town and the ERCID Management Committee.

8.2. Sustainability Implications

Does the activity in this report have any sustainability implications for the City? No Yes

This application adheres to the goals, targets and commitments where applicable as set out in the IMEP (Integrated Metropolitan Environmental Policy), as approved by Council in October 2001.

8.3. Legal Implications

- Municipal Property Rates Act No.6 of 2004
- Municipal Financial Management Act No.56 of 2003
- Special Rating Area By-law and Policy

8.4. Staff Implications

Does your report impact on staff resources, budget, grading, remuneration, allowances, designation, job description, location or your organisational structure?

No


8.5. Other Services Consulted

None

ANNEXURES

Annexure A - Application to establish a SRA in the ERCID area

FOR FURTHER DETAILS CONTACT:

NAME	Runan Rossouw
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E-MAIL ADDRESS	Runan.Rossouw@capetown.gov.za
DIRECTORATE	Finance: ISL
FILE REF NO	
SIGNATURE : DIRECTOR George van Schalkwyk	
Date	11/2/2015

[Handwritten signature]

Comment:

EXECUTIVE DIRECTOR

NAME Kevin Jacoby

DATE 13.02.2015

REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.

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LEGAL COMPLIANCE

NON-COMPLIANT

NAME Sarah van Zyl

TEL 021 400 5446

DATE 17.02.2015

Comment:

Certified as legally compliant:
~~Based on the contents of the report.~~

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[Handwritten signature: N.G. Rmi]

EXECUTIVE DIRECTOR: COMPLIANCE AND AUXILIARY SERVICES (ED: CAS)

SUPPORTED FOR ONWARD SUBMISSION TO MAYOR / MAYCO / COUNCIL

NOT SUPPORTED

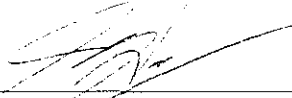
REFERRED BACK

DATE

20/2/15

COMMENT:

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COMMENT:

MAYORAL COMMITTEE MEMBER

NAME Alderman Ian Neilson

DATE 25/2/2015