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B33- 2013



PURPOSE

The purpose of this submission is to request the Portfolio Committee on Cooperative Governance and Traditional Affairs to consider amendments to the MPRA to provide for the specific characteristics of privately developed residential estates.

Section 8 of the MPRA allows the municipality, subject to section 19, to levy different rates for different categories of rateable property. In this regard, all residential properties are assumed to comprise a single category.

In terms of section 19(1)(a) the municipality may not levy different rates on residential properties.

It is our submission that this restriction does not allow Municipalities to recognise the different characteristics of privately developed residential estates, and therefore places an unfair burden on the residents in such communities.

This in effect means that property owners in privately developed residential estates are discriminated against within the single residential category currently provided for in the MPRA.

This suggests motivation for a separate residential category under section 8 of the MPRA which would permit the Municipality to adjust the rates and/or assessed on such properties to allow for the deduction of capital, maintenance and upgrade costs carried by property owners, which are normally carried by the Municipality.

Municipalities are reluctant to make such a provision without legislative authority, and are of the view that the act needs to be amended to define what they are permitted to do.

To assist the Committee in this regard the following definition, to be included in Sec 1 - definitions of the act, is proposed for consideration:-

"Privately owned townships serviced by the owner" means single properties, situated in an area not ordinarily serviced by the municipality, comprising ten or more full-title erven and/ or sectional units, and where all rates-related services, including but not limited to installation and maintenance of roads, sidewalks, lighting, storm water drainage facilities, parks and recreational facilities, are installed at the full cost of the developer and maintained and rendered by the residents of such estate.

CLOSURE

Taking the above into account it must be clearly stated that property owners supporting this submission fully understand and support the principle that property tax is a wealth-based tax, and as such the higher the value of the property the higher will be the property tax contribution. The higher values of properties in the respective estates will therefore still result in a significant revenue base for the Municipality to fulfil its developmental objectives.