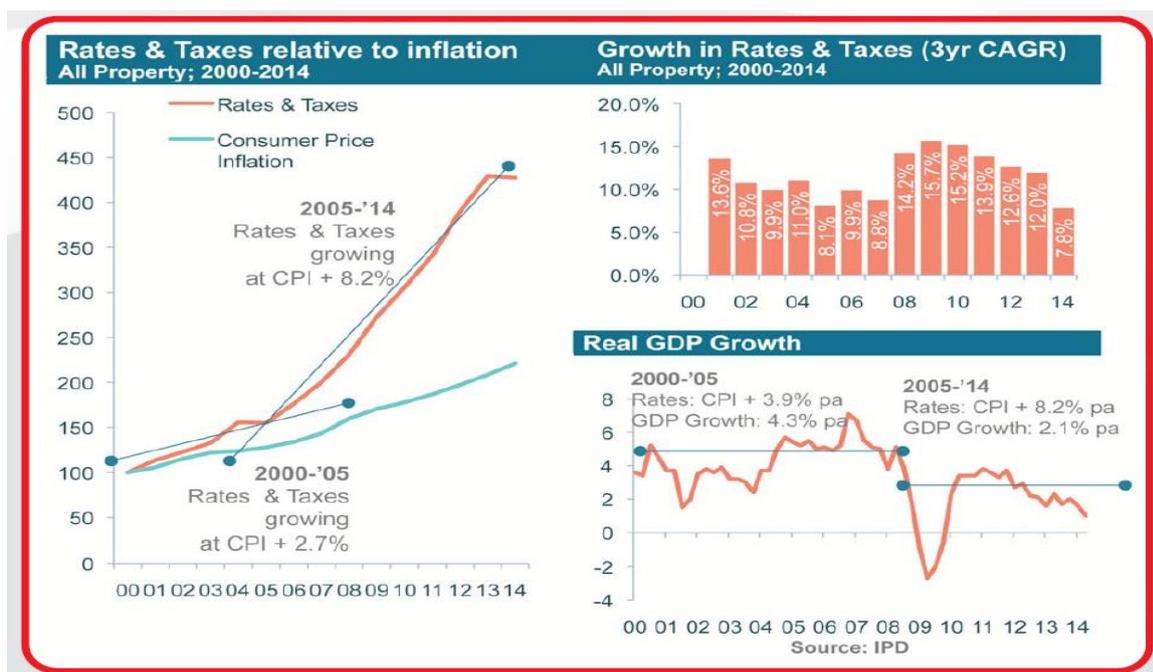


# INVESTIGATION INTO MARULENG PROPERTY RATES – report compiled by a small group of concerned RV ratepayers.

As previously indicated we undertook an investigation into the new property rates which have been causing considerable unease locally.

## Summary:

- Property rates on Raptors View have increased at a compounded rate of +/- 50% per annum over the last 4 or 5 years. This rate of increase is significantly higher than the average for municipalities such as Johannesburg, Pretoria, Cape Town etc.
- The 2015 SAPOA (SA Property Owners Association) report (below) confirms that this is a national trend.



- The 2016 SAPOA report comments as follows ... *The implementation of the Municipal Property Rates Act (MPRA) has become problematic, resulting in general and supplementary valuation rolls that are not accurate, consistent, efficient and uniform as intended by the Act.*
- Why has this happened? The lamentable state of local and provincial government finances requires no additional comment. The pressure which Eskom and the water authorities are now putting on them to pay historic debts will make the situation worse. (Maruleng tiers up into the Mopani District which owes the Department of Water Affairs over R 530 million in unpaid water charges and is now under considerable pressure to make payments. To make matters worse, the President recently referred Mopani to the Hawks for investigation into various serious financial irregularities). Property rates are one of the few opportunities (apart from traffic fines!), left to local municipalities to raise revenue and residential property in particular represents something of a soft target.

There seems to be an attitude in local government that property rates are an infinitely elastic source of income.

- There are 5 determinants of the final amount payable by each property owner:
  - The market value as determined by the municipality. (The property owner has the opportunity to object to the valuation as prescribed in the Act.)
    - RV properties do seem to be valued higher than Wildlife Estate.
    - Zandspruit seems to be more or less on the same scale as RV.

- Khaya Ndlovu does not appear to be on the valuation roll and so may still be categorised as agricultural?
- It is possible that the valuation is impacted by the plot size despite the fact that all land outside the 15/20 m radius is unusable by the owner and 'value' is largely a function of location rather than size.
  - The location and use of the property e.g. commercial, residential, farm etc. All properties on RV are categorised as 'residential' which Maruleng defines as ..... *"A suite of rooms which form a living unit that is exclusively for human habitation purposes only, or a multiple number of such units on a property, including old-age homes, retirement villages and life right schemes. But for the purposes of this rates policy, this definition excludes hostels, communes, boarding and lodging undertakings, places of instruction, hotels, questhouses and any vacant land irrespective of its zoning or intended usage."*
  - The rating factor applied to this value by the municipality.
  - The rebates (if any) granted to the home owner.
  - However the overriding factor is the amount of money which the municipality needs to raise.
- There is a legal requirement to treat ratepayers fairly and equitable and Maruleng appear to have met this requirement except that the rating factor applied to RV is the same as the other parts of the town .... But .....
  - RV maintains its own roads
  - RV absorbs the vast majority of the cost of refuse collection
  - RV pays 100% of the cost of fixing water reticulation problems
  - These costs are ultimately passed through to individual property owners by RVHOA

#### **The way forward:**

There is probably little that we can do about the current situation however if left unaddressed, the escalation in rates will, in time, impact affordability and therefore on resale values.

Monitoring the future expenditure of the municipality is the only viable solution, however that is much easier said than done. They have a multitude of legitimate demands on their limited resources and these demands are likely to grow over time rather than reduce. What can be controlled is the ballooning overhead and wasteful expenditure. Thus rate payer activism is the only long-run option open to us.

However, RV on its own will achieve very little. It is essential therefore that we unite with other estates, individual ratepayers and local businesses. We understand that the Hoedspruit Chamber of Commerce are working on this.