

ITEM NUMBER: C 10/03/16

*RECOMMENDATION FROM THE EXECUTIVE MAYOR: 15 MARCH 2016*

**MC 17/03/16 APPLICATION FOR THE DETERMINATION OF A SPECIAL RATING AREA (SRA) KNOWN AS THE TYGERVALLEY IMPROVEMENT DISTRICT (TVID)**

It is **RECOMMENDED** that:

- (a) the City of Cape Town determine the area as reflected in the body of the report on the agenda as a special rating area (SRA), known as the Tygervalley Improvement District (TVID), in terms of the Special Rating Area By-law, 2012
- (b) the City of Cape Town approve the application submitted by Quintin Michael Rossi, being the representative of The Spear Property Trust, the registered owner of Erf 21665 Bellville, to establish a SRA in the TVID 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 TVID from 1 July 2016 in terms of section 22(1)(b) of the Local Government: Municipal Property Rates Act (MPRA) , Act 6 of 2004
- (d) Chapter 2 of the By-law, as well as paragraphs 9.6, 11 and 15 of the Special Rating Area Policy be implemented.



REPORT TO COUNCIL

DATE 2016-03-15

1. ITEM NUMBER : MC 17/03/16

2. SUBJECT

APPLICATION FOR THE DETERMINATION OF A SPECIAL RATING AREA (SRA) KNOWN AS THE TYGERVALLEY IMPROVEMENT DISTRICT (TVID)

ONDERWERP

AANSOEK OM DIE BEPALING VAN 'N SPESIALE-AANSLAGGEBIED (SRA) BEKEND AS DIE TYGERVALLEI-VERBETERINGSDISTRIK (TVID)

ISIHLOKO

ISICELO SOKUMISELWA KOMMANDLA OHLAWULISWA IIRHAFU  
ZOBUHLALI EZIKHETHEKILEYO OWAZIWA NGOKUBA SISITHILI  
SOMMANDLA WOPHUCULO LWEDOLOPHU YAS-TYGERVALLEY

G4012

3. STRATEGIC INTENT

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

4. PURPOSE

To declare the Tygervalley area a Special Rating Area (SRA) called Tygervalley Improvement District (TVID).

5. FOR NOTING BY / FOR DECISION BY

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

JMH

## 6. EXECUTIVE SUMMARY

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

The application complies with all legal aspects as per the SRA By-law and SRA Policy for process and majority support.

The Steering Committee obtained a 70.3% support from property owners for the proposed Business Plan and one objection letter from SANRAL was received for the 14 properties they own in the proposed area.

An additional rate will be levied on all commercial properties within the proposed TVID area from 1 July 2016 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 proposed Tygervalley area called the Tygervalley Improvement District (TVID).

That the ISL Department ensure compliance with Chapter 2 of the SRA By-law and paragraphs 9.6, 11 and 15 of the SRA Policy.

## 7. RECOMMENDATIONS

It is recommended that:

- a) The City of Cape Town determine the area as reflected in the body of this report as a special rating area (SRA), known as the Tygervalley Improvement District (TVID), in terms of the Special Rating Area By-law, 2012.
- b) The City of Cape Town approve the application submitted by Quintin Michael Rossi, being the representative of The Spear Property Trust, the registered owner of Erf 21665 Bellville, to establish a SRA in the TVID 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 TVID from 1 July 2016 in terms of section 22(1)(b) of the Local Government: Municipal Property Rates Act (MPRA), Act 6 of 2004.
- d) Chapter 2 of the By-law as well as paragraphs 9.6, 11 and 15 of the SRA Policy be implemented.

## AANBEVELINGS

Daar word aanbeveel dat:

- a) Die Stad Kaapstad ingevolge die Verordening op Spesiale-aanslaggebiede, 2012 bepaal dat die gebied weergegee in die liggaam van hierdie verslag 'n spesiale-aanslaggebied (SRA) is, bekend as die Tygervallei-verbeteringsdistrik (TVID).

JMA

- b) Die Stad Kaapstad die aansoek ingedien deur Quintin Michael Rossi, synde die verteenwoordiger van The Spear Property Trust, die geregistreerde eienaar van erf 21665 Bellville, om die stigting van 'n SRA in die TVID-gebied ingevolge artikel 8.1(a) van die Verordening goedkeur.
- c) Die Stad Kaapstad ingevolge artikel 22(1)(b) van die Wet op Plaaslike Regering: Wet op Munisipale Eiendomsbelasting (MPRA), Wet 6 van 2004, 'n bykomende tarief op kommersiële eiendomme in die TVID vanaf 1 Julie 2016 hef.
- d) Hoofstuk 2 van die Verordening asook paragraaf 9.6, 11 en 15 van die SRA-verordening in werking gestel word.

## IZINDULULO

Kundululwa ukuba:

- a) ISixeko saseKapa masimisele indawo ephawulwe kwisiqu sale ngxoxo njengendawo ehlawuliswa iirhafu zobuhlali ezikhethekileyo, eyaziwa ngokuba siSithili soPhuculo lweDolophu yase-Tygervalley, ngokungqinelana noMthetho kaMasipala olawula iirhafu zobuhlali eziKhethekileyo, 2012.
- b) ISixeko saseKapa masiphumeze isicelo esingeniswe ngu-Quintin Michael Rossi, nongummeli weManyano iThe Spear Property Trust, abanini ababhalisiweyo beSiza 21665 eBellville, sokumiselwa iNdawo ehlawuliswa iirhafu zobuhlali eziKhethekileyo kwiSithili soPhuculo lweDolophu yase-Tygervalley ngokwemigaqo yecandelo 8.1(a) loMthetho kaMasipala.
- c) ISixeko saseKapa masimisele ukuhlawuliswa kwerhafu ngeqondo elongeziweyo kwiiipropati zorhwebo kwiSithili soPhuculo lweDolophu yase-Tygervalley ukususela ngomhla woku-1 Julayi 2016 ngokwemigaqo yecandelo lama-22(1)(b) loMthetho wobuRhulumente beNgingqi: olawula iirhafu zobuhlali zikaMasipala, uMthetho we-6 ka-2004.
- d) Makumiselwe imiqathango yeCandelo le-2 loMthetho kaMasipala ngokunjalo nemihlathi 9.6, 11 nowe-15 yoMgaqo-nkqubo weeNtlawulo zobuhlali eziKhethekileyo.

## 8. DISCUSSION/CONTENTS

### 8.1. Constitutional and Policy Implications

Property owners within the Tygervalley area identified the need to take ownership of their area and assist the City to create a friendly environment to conduct business within. A Steering Committee was formed to pursue the SRA model which allows property owners to provide additional municipal services to improve and upgrade their area. These services will be funded from additional property rates to be collected from the property owners in the area. The Steering Committee consists of property owners in the area.

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Under the guidance of the ISL Department the Steering Committee followed the SRA establishment process as set out in sections 4 to 7 of the SRA By-law and paragraphs 4 to 10 of the SRA Policy.

The Business Plan was presented to the property owners within the proposed TVID at a public meeting held on 17 June 2015 and subsequently 70.3% (156 out of the 222 commercial properties) supported the proposed SRA.

Council is required in term of section 8 of the SRA By-Law to consider the application, attached as Annexure A which includes the following:

- Application letter
- Feasibility study
- Section A - The Motivation Report, 5 year Implementation Plan and 5 year Budget.
- Section B - Property database of all properties eligible to pay the additional rate with an indication of who supported the application. The written consent forms will be made available on request.
- Section C - An affidavit from the applicant that more than 50% of the property owners support the formation of the SRA.
- Section D - Public meeting advertisements, minutes of public meeting, public meeting presentation.

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

After reviewing the property database it was found that private properties valued at R1000 and sectional title units owned by the same owner which was grouped as one for billing purposes were originally categorised as exempt. This was incorrect as all registered properties have a right to participate in the establishment process irrespective of size or value. The properties were subsequently reinstated. The total number of eligible properties therefor increased from 217 to 222.

Annexure B reflects the consent verification to ensure the application was valid. Four consent forms were also not accepted as per the comments column in Annexure B. Notwithstanding these amendments the application remains a valid application.

After the application was lodged with the City it was advertised for comments and objections (Annexure C) as required by section 7 of the SRA By-law and paragraph 9.5 of the SRA Policy. This notice also informed all property owners of the second public meeting which was held on 24 November 2015. Minutes of the second public meeting is included as part of Annexure C.

An objection was received from SANRAL who owns 14 properties within the proposed TVID. Although the objection letter only refers to erven 39687,

39606, 40755 and 40381 it was subsequently agreed as per Annexure D that albeit the discrepancy regarding the erf numbers the location details are correct. Through consolidation the 14 properties were reduced to only 4. This occurred after the TVID property database was provided to the TVID Steering Committee before they started gathering support. Therefore in the final reconciliation the 4 properties mentioned in SANRAL's objection letter is treated as 14 objections and not 4.

The Steering Committee engaged with SANRAL as per the requirements of paragraph 9.5.3 of the SRA Policy. The minutes and subsequent comments by SANRAL are attached as Annexure E and could be summarised into the following two main points:

- Questioning the proposed TVID geographic demarcation.
- Requesting a negotiated rate for properties valued higher than R10 million.

The first point was adequately addressed by the Steering Committee as per the minutes of 26 November 2015 per point 4, second paragraph.

*"..... that SANRAL has some vacant land with adjacent public space in the area. He also noted that in consultation with the City of Cape Town it was suggested that the TVID boundary adjoin the boundary of the VRCID by creating a continuous corridor from the VRCID into TVID. This in principle then includes the SANRAL properties."*

The second point stemming from SANRAL's follow up letter, dated 11 December 2015, where they commented on the minutes of the meeting held on 26 November 2015. In the last paragraph of the letter, SANRAL requested a negotiated rate. In terms of the City's Rates Policy, properties are rated as either residential or non-residential. Non-residential properties are not broken down into further categories. The SRA budget is funded from additional property rates which are collected in the same manner as property rates making this request not implementable. Only properties that qualify for a rates rebate in term of the Rates Policy will be exempt from the additional rate.

Annexure F indicates the final verification of consent and objections with a comment column highlighting the erf discrepancies. The final consent and objections can be summarised as follows:

Tygervalley Improvement District		
Total properties	222	100%
Votes required	112	>50%
Properties supporting	156	70.3%
Properties not supporting	14	6.3%

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

An SRA additional rate will be calculated on the total municipal valuation of all the commercial properties within the TVID area to enable the City to collect the TVID's first year budget of R 2 974 046. The SRA additional rate

JMH

will be implemented from 1 July 2016 after Section 10, 11 and 12 of the By-law are met. This SRA additional rate will be considered for approval as part of the City's budget process and will be implemented from 1 July 2016.

## 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 Finance 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

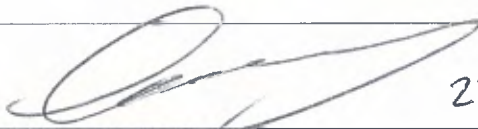

None

## ANNEXURES

- Annexure A - Application to establish a SRA in the TVID area.
- Annexure B - Validation of consent at application.
- Annexure C - Notices of application requesting comments and objections.
- Annexure D - Correspondence with objector in terms of erf description.
- Annexure E - Objection letter and minutes of meeting with objector.
- Annexure F - Final consent and objection schedule.

FOR FURTHER DETAILS CONTACT:

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FILE REF NO	
SIGNATURE : DIRECTOR	
George van Schalkwyk	22/2/2016
Date	

EXECUTIVE DIRECTOR

Comment:

NAME Kevin Jacoby

DATE 22.02.2016

LEGAL COMPLIANCE

NAME Jean-Mari Holt

TEL 021 400 2753

DATE 26/02/2016

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

NON-COMPLIANT

Comment:

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

JMH

ACTING

EXECUTIVE DIRECTOR: CORPORATE SERVICES AND COMPLIANCE (ED: CORC)

SUPPORTED FOR ONWARD SUBMISSION TO MAYOR  / MAYCO  / COUNCIL

NOT SUPPORTED

REFERRED BACK

COMMENT:

DATE 2016 -03- 01





073

COMMENT:

MAYORAL COMMITTEE MEMBER

NAME Alderman Ian Neilson

DATE 3/3/16