

ASSESSMENT RATES FRAMEWORK



**STEVE TSHWETE
LOCAL MUNICIPALITY
MP 313**

1. **Preamble**

- 1.1 According to Section 3 to the Local Government Municipal Property Rates Act, No. 6 of 2004 the Council must adopt a Rates Policy.
- 1.2 This policy adopted in terms of the Act must take effect on the effective date of the first valuation roll prepared by the municipality in terms of this Act, and must accompany the municipality is budget for the financial years concerned.
- 1.3 A valuation roll according to this Act will only be prepared for the 2007/2008 financial year and therefore the Rates Policy will only be tabled with the 2007/2008 financial year budget.

2. **Purpose of the Framework**

The Steve Tshwete Local Municipality wishes to achieve the following objectives:

- 2.1 To comply with the provisions of Section 89 of the Local Government Municipal Property Rates Act, Act 6 of 2004.
- 2.2 To prescribe procedures for the levying of a rate on property subject to Section 229 and any other applicable provisions of the Constitution, and any other applicable legislation and Council resolutions.
- 2.3 To give guidance to the community and Council regarding the levying of rates that must be submitted annually during the budget process.

3. **Determination of Assessment Rates and Rebates**

In terms of the provisions of Section 21(3) of the Local Government Rating Ordinance, 1977 (Ordinance 11 of 1977), as amended, differentiated assessment rates for the different areas within the municipal area as mentioned below, be levied on the site value of all land or right of land subjected to assessment rates for the applicable financial year, provided that the rebates as indicated for each area on the assessment rates hereby levied, be applied:

- 3.1 Middelburg, including the original Middelburg, Mhluzi, Eastdene and Nasaret areas and the Blinkpan and Koorfontein Villages:

A general assessment rate be levied in terms of Section 21(4) of the Ordinance subjected to the following rebates:

- 3.1.1 A rebate of 36% regarding property zoned in terms of the Middelburg Town Planning Scheme for special residential purposes where the exclusive usage is not for any other purpose; and
- 3.1.2 A rebate of 36% regarding all property zoned for business purposes in terms of the Middelburg Town Planning Scheme, but which are exclusively used for special residential or general residential purposes.
- 3.1.3 A rebate of 85% allowed for all property where a single property becomes divided (through subdivision or township establishment) into 10 or more full title units and all services, inclusive of water, sewerage, electricity and roads are installed by the developer at his own cost for a period of two (2) years from the date of registration of the subdivision or the proclamation of the township or for a shorter period until the newly created units are sold off or improved before expiry of the two (2) year period. (Council resolution C26/05/2005).
- 3.1.4 A rebate of 20% allowed for all non-residential properties belonging to the government and which can still qualify therefore.
- 3.1.5 A rebate of 36% regarding properties of pensioners zoned for special residential purposes in terms of the Middelburg Town Planning Scheme, plus a further 20% in terms of Section 32(1)(b) of the Ordinance, subjected to the following conditions:
 - (a) The combined income of the landowner and his/her spouse does not exceed R44 270 per annum;
 - (b) The property is occupied by the owner;
 - (c) Only owners over the age of 60 years or being the breadwinner and totally dependent on a social disability pension or any other pension comparable to social disability pension, come into consideration for the rebate.
- 3.1.6 The rebate of 36% on assessment rates referred to in paragraphs 3.1.1 and 3.1.2 above, which in terms of the Rates Ordinance, 1977, is not subjected to the Premiers' approval, be motivated as follows:

“The last three (3) quadrennial general valuations (1991, 1995 and 1999) have indicated that the value of residential properties has increased more rapidly than business premises because of the fact that the Council, as the only marketer of erven in new townships, has to adjust its prices regularly to cover development costs. The value of such properties is therefore the prices determined by Council whilst in the case of business properties, normal market forces are applicable.”

3.2 Hendrina, including the Hendrina and Kwazamokuhle townships:

A general assessment rate be levied in terms of Section 21(4) of the Ordinance subjected to the following rebates:

3.2.1 A rebate of 20% for all non-residential properties belonging to the government and which can still qualify therefore.

3.2.2 In terms of Section 32(1)(b) of the Ordinance a rebate of 20% regarding properties of pensioners zoned for special residential purposes subjected to the following conditions:

- (a) The combined income of the landowner and his/her spouse does not exceed R44 270 per annum;
- (b) The property is occupied by the owner;
- (c) Only owners over the age of 60 years or being the breadwinner and totally dependent on a social disability pension or any other pension comparable to social disability pension, come into consideration for the rebate.

3.3 Pullenshope Village:

A general assessment rate be levied.

3.4 Rietkuil Village:

A general assessment rate be levied.

3.5 Komati Village:

A general assessment rate be levied.

3.6 Presidentsrus Village:

A general assessment rate be levied.

3.7 Kranspoort Village:

A general assessment rate be levied.

3.8 Rateable property in the rural area previously controlled by the Middelburg Representative Council for properties used solely or partly for the operation of business:

A general assessment rate on site value and a general assessment rate on improvement value.

3.9 For all non-residential properties belonging to the government and which can still qualify for it, a 20% rebate be allowed in the following townships:

3.9.1 Pullenshope Village

3.9.2 Rietkuil Village

3.9.3 Komati Village

3.10 In terms of Section 32(1)(b) of the Ordinance a rebate of 20% be allowed for pensioners in the following townships as indicated:

3.10.1 Pullenshope Village

3.10.2 Rietkuil Village

3.10.3 Komati Village

3.10.4 Presidentsrus

3.10.5 Kranspoort Village

3.11 A rebate of 60% on payable assessment rates for areas with developments of RDP houses and it be funded from the proportional Equitable Share payable to Council by the South African National Treasury and that the areas with RDP developments be identified as the residential properties in the following townships:

Mhluzi Extension 2, Phase 2

Mhluzi Extension 4

Mhluzi Extension 5

Mhluzi Extension 6

Mhluzi Extension 7

Mhluzi Extension 8

Kwazamokuhle Extension 4

Kwazamokuhle Extension 6

Tokoloko – all extensions

Middelburg Extension 24

- 3.12 Indigent households enlisted under the Council's Indigent Support and Free Basic Services Scheme assessment rates be fully discounted and the expenditure be recovered from the proportional Equitable Share payable to the Council by the South African National Treasury.
- 3.13 A property owner does not qualify for the rebate on assessment rates on residential property should the owner obtain approval to rent out rooms of his existing house or add rooms to his existing house with the specific purpose of renting these rooms as guest rooms.
- 3.14 Assessment rates levied in terms of paragraph 3.1 to 3.13 above, be owing and payable on 1 October each year, but for the convenience of the rate payers can be paid in equal monthly instalments over twelve (12) months commencing 1 July each year and that interest on such rates in terms of Section 27(2) of the Ordinance on Assessment Rates for Local Governments, 1977, as amended, be levied on all assessment rates not paid at the due date or in regular monthly instalments.

4. Remission of Assessment Rates

- 4.1 In terms of Section 32(1)(c) of the Local Authorities Rating Ordinance, 1977 grant a total remission of assessment rates for a period of twelve (12) months to all investors purchasing vacant industrial or business stands from Council subject to the following conditions:
 - 4.1.1 A building to the value of 2.33 times the purchase price of stands purchased in terms of this framework be commenced within twelve (12) months from the date of signing of the sales agreement and be completed within three (3) years from the said date.
 - 4.1.2 The erf may only be subdivided after the building mentioned in 4.1.1 above has been completed.
 - 4.1.3 Should the purchaser not comply with 4.1.1 any remission of assessment rates falls away whereupon such assessment rates plus interest thereon shall immediately become payable.

4.1.4 Should the purchaser wish to sell or subdivide the property without having complied with 4.1.1 above, the necessary clearance certificate only be issued after all assessment rates plus interest have been paid without any remission of assessment rates being granted.

(Council resolution C32/08/1998).

4.2 In terms of Section 32(1)(c) of the Local Authorities Rates Ordinance, 1977 remission of assessment rates be granted in respect of the development of portion 262 of Middelburg Town and Townlands 287JS for a further period of three (3) years from 1 March 2004, subject to the following:

4.2.1 The title deed of the property be corrected by them at their cost within ninety (90) days of this resolution.

4.2.2 Should development of the property of any part thereof not materialize within the remainder of the contract period, assessment rates be payable retrospectively from 1 March 2004 on the remaining undeveloped land.

(Council resolution M43/07/2004).

5. **Incentives**

The following incentives be implemented to raise the sale of erven in Middelburg Extension 18:

5.1 A 10% discount be allowed on cash sales.

5.2 Contract periods be extended to sixty (60) months.

5.3 A tax holiday of six (6) months be approved provided that the Premier's approval is obtained.

5.4 This remission be allowed on condition that the property be developed within two (2) years, failing which the concession will become immediately payable.

(Council resolution M11/09/2003).