



**CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD**

ANNEXURE 5

RATES POLICY 2024/2025

BUDGET

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SECTION A - INTRODUCTION

DEFINITIONS

In addition to the definitions contained in the *MPRA* and the *Rates By-Law*, the following words and phrases bear the meanings assigned to them below:

“Accommodation for the vulnerable” means a property used for:

- A shelter for homeless adults;
- A shelter for the abused and/or victims of violence;
- A children’s homes which cares for homeless children as stipulated in the Children’s Act, 38 of 2005 used primarily for the accommodation of children;
- A home accommodating and catering for the health of physically or mentally challenged individuals.

“Agricultural property” means property that is used primarily for agricultural purposes but, without derogating from *section 9* of the *MPRA*, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game.

“Animal Shelter” means a property used for the protection, rescue and rehabilitation of domestic animals.

Business and Commercial property” means:

- (a) Property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity;
- (b) Property on which the administration of the business of private or public entities takes place;
- (c) Property used for the provision of commercial accommodation;
- (d) Property used for education purposes (this excludes schools that meet the requirements of and are categorised as Properties owned by an organ of state and used for public service purposes and Properties owned by Public Benefit Organisations and used for specified public benefit activities); or
- (e) Property used by the State or any organ of State that do not fall within any other property rating category.

“Cemeteries” means properties used for the burial of human bodies and storage of cinerary urns.

“Crematoria” means properties used for the cremation of human bodies.



“**CFO**” means the Chief Financial Officer of the City, being a person designated in terms of *section 80(2)(a)* of the *MFMA*, or his/her nominee.

“**City/Council**” means the City of Cape Town, a municipality established by Government Notice No 479 of 22 September 2000 issued in terms of the Local Government: Municipal Structures Act 117 of 1998.

“**Commercial Accommodation**” means a property used for purposes of providing accommodation but is not being used as a primary place of residence or where more than 40% of a primary place of residence is used or available to be used to provide accommodation to temporary visitors at a fee. This includes but not limited to property used for transient / short-term letting such as guest houses; self-catering; bed and breakfast establishments as well as residential apartments that form part of a hotel rental pool.

“**Early Childhood Development Facility**” means a property used as an Early Childhood Development Facility registered with the Western Cape Provincial Government.

“**Exemption**” in relation to the payment of a rate, means an exemption granted by a City in terms of *section 15* of the *MPRA*.

“**Gross monthly household income**” means the gross monthly household income of both the owner and spouse or partner including any party in a co- habitation relationship from all sources, including but not limited to salaries, wages, dividends, pensions, grants, rentals, board and lodging, interest received, and any investment income. Care dependency grants, foster child grants and child support grants are specifically excluded from gross monthly household income. This income definition is specific to the Rates Policy and does not relate to any other external definitions of income.

“**Industrial Property**” means property used for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw material or fabricated parts in respect of which capital and labour are involved, and includes–

- (a) The processing of raw products and resources on the property;
- (b) The storage and warehousing of products on the property; and
- (c) Any office or other similar facility on the same property, the use of which is incidental to such activity.

“**Local Community Museum**” means a property that is used as a museum that concentrates on the history and culture of the immediate local community within which it is situated.

“**MFMA**” means the *Local Government: Municipal Finance Management Act, 56 of 2003*.



“**MPRA**” means the *Local Government: Municipal Property Rates Act, 6 of 2004* as amended from time to time as well as regulations (MPRR) published in terms of the MPRA, which is referred to as the “*Property Rates Act*” in the By-law but for the purposes of brevity, shall be referred to as the “MPRA” in this Policy.

“**MPRR**” means the *Municipal Property Rates Regulations*.

“**Nature Conservation Land**” means any property:

- a) Referred to in S 17(1)(e) of the MPRA, or
- b) exhibiting sensitive ecological areas/features, identified by the City’s Environmental Management Department as such, for that portion of land exhibiting these sensitive features, provided that the land is either leased to the City for nature conservation purposes or where there is a written agreement, with the City, CapeNature or SANParks, for the conservation management of the relevant portion of land where the land is conserved in perpetuity, or
- c) Private property contracted into the Table Mountain National Park in terms of the Protected Areas Act, from the commencement date of the agreement between the owner of the property and SANParks and for each year that the owner foregoes beneficial occupation/use of the land pending formal gazetting of the agreement.

“**Non-Residential Property**” means all properties other than those defined as residential but including all vacant land, irrespective of zoning.

“**Other Delivery Agent / ODA**” means an entity other than a social housing institution, which undertakes an approved social housing project, but excludes Provincial Government and National Government;

“**Old Age Home**” means a property specifically used for the provision of accommodation of and care for retired persons that live together in community with one another; and where 90% of the retired persons are at least 60 years of age. The care provided may include but is not limited to nursing services, physical and psychological assistance, and the provision of meals/food. This specifically excludes property that is used as a retirement village and/or where life rights are applicable.

“**Organisation - Not for Profit**” means;

- a) a Non Profit company defined as such in terms of Section 1 of the Companies Act 71 of 2008;
- b) a registered Non-Profit Organisation registered in terms of the Non-Profit Organisations Act 71 of 1997;
- c) a registered Public Benefit Organisation registered in terms of the Income Tax Act 52 of 1962;
- d) a Trust, where none of the Trustees are beneficiaries and the Trust operates for a public benefit;



- e) a voluntary organisation operating for a public benefit; or
- f) a religious community.

“PBO / Public Benefit Organisation” means an organisation conducting specified public benefit activities as defined in the *MPRR*; and registered in terms of the *Income Tax Act* for tax reductions because of those activities.

“Pension” includes, but not limited to, a pension fund, retirement annuity, income annuity, retirement fund or other income arising out of any retirement funding investment income received (including rental income).

“Primary Place of Residence” means a residence –

- (i) in which a natural person ordinarily resides as his or her main residence
- (ii) is used mainly for residential purposes

“Properties owned by a religious community” means a property-

- (a) registered in the name of a religious community;
- (b) registered in the name of a trust established for the sole benefit of a religious community;
- or
- (c) subject to a land tenure right and occupied by a religious community;

“Property Rating Category” means a category of properties determined in terms of section 8 of the *MPRA*.

“Public worship” relates only to the gathering of people conducting an act which signifies a service, practice, ceremony or ritual which reveres a divine deity and which is open to the public (not a gathering for any other purposes).

“Ratepayer” means a person or entity that is liable, in terms of the *MPRA*, for the payment of rates on property levied by the City.

“Rate/s” means a municipal rate as defined in *section 1* of the *MPRA* and includes any additional rates on property as envisaged in *section 19 (1)(d)* and *section 22* of the *MPRA*.

“Rates By-law” means the *City of Cape Town: Rates By-law*.

“Rebate” in relation to a rate payable on a property, means a discount granted in terms of *section 15 of the MPRA* on the amount of the rate payable on the property.

“Reduction” in relation to a rate payable on a property, means the lowering, in terms of *section 15 of the MPRA* of the amount for which the property was valued and the rating of the property at that lower amount.

“Relief” means exemptions, reductions or rebates that may be granted by the City in terms



of this Policy.

“Religious activities” means actions conducted in the furtherance of the objectives of or the projects undertaken by the religious community.

“Residential Property” means a property of which the primary use is for residential purposes, without derogation from *section 9* of the *MPRA*, that is:

- a) used predominantly (60% or more) for residential purposes based on either the size of the house or the size of the improved part of the property (depending on the non-residential use), and includes any adjoining/adjacent developed property registered in the name of the same owner and used together with such residential property as if it were one property. The physical configuration of the two properties must be such that the two properties cannot be dealt with as separate viable economic units and can only function as if they are one entity. (Any such grouping shall be regarded as one residential property for rating purposes and for clearance application purposes); or
- b) a unit registered in terms of the *Sectional Titles Act, 95 of 1986*, used predominantly (60% or more) based on the size of the section (depending on the non-residential use) for residential purposes, and includes any unit in the same sectional title scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or domestic worker’s quarters. (Any such grouping shall be regarded as one residential property for rating purposes and for clearance application purposes);
- c) For the sake of clarity, the following properties are specifically excluded from the definition:
 - i. residential apartments that form part of a hotel rental pool and are not being used as a primary place of residence for residential purposes;
 - ii. property used for commercial accommodation; and
 - iii. any vacant land irrespective of its zoning or intended usage.

“Residential purposes” in relation to the use of the property means improved properties where people reside as their primary place of residence.

“Social Grant” means a grant paid by National Government to South African citizens who are in need of assistance in respect of the following grants: grant for older persons; disability grant; war veterans grant; care dependency grants; foster child grants; child support grant; grant-in-aid; Social Relief of Distress.

“Social Housing” means a property provided by social housing institutions or other delivery agents in SHRA approved projects used for a rental or co-operative housing option as defined in the Social Housing Act, for households earning between R1 850,00 - R22 000,00 per month and which is used by the tenants as their primary place of residence;



“Social Housing Institution” means an institution accredited or provisionally accredited, in accordance with the Social Housing Act 16 of 2008, which carries or intends to carry on the business of providing rental or co-operative housing options for low to medium income households (excluding immediate individual ownership and a contract as defined under the Alienation of Land Act 68 of 1981), on an affordable basis, ensuring quality and maximum benefits for residents, and managing its housing stock over the long term;

“Specified Religious purposes” is limited to property used by a religious community as listed below:

- (a) public worship;
- (b) administrative support offices;
- (c) halls used for gatherings and related religious activities; and
- (d) parking areas used in conjunction with (a) - (c) above

It specifically excludes a structure that is used for educational instruction (whether secular or religious);

“Supplementary Valuation / SV” means the updating of the valuation roll whenever necessary as per *section 78* of the *MPRA*.

“Systems Act” means the *Local Government: Municipal Systems Act, 32 of 2000*.

“Valuation Roll” means a general valuation (GV) roll prepared in terms of *section 30* of the *MPRA* or a supplementary valuation (SV) roll prepared in terms of *section 78* of the *MPRA*.

“Vacant Land” means a property without any buildings or structures, as determined by the Municipal Valuer. Properties that are used as cemeteries will not be treated as vacant land.

Property that is currently categorised as vacant land and where construction has commenced but which is incomplete, will be deemed to be vacant land and will remain categorised as such until the completion of the building works and the use of the property is determined by the Municipal Valuer for categorisation purposes.

“Youth Development” means a property used for extra mural activities by the youth for developmental purposes (including organisations such as the Scouts, Girl Guides, Voortrekkers or organisations the Municipal Valuer deems to be similar).



1. Legislative Context

In terms of *Section 229* of the *Constitution of the Republic of South Africa*, a municipality may impose rates on property.

In terms of *Section 4(1)(c)* of the *Systems Act*, a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.

In terms of *Section 2* of the *MPRA*, a metropolitan or local municipality may levy a rate on property in its area.

This Policy is adopted in terms of *Section 3* of the *MPRA*.

This Policy must be read together with, and is subject to the provisions of and the regulations of the *MPRA* and the *Rates By-Law*.

In terms of the *MPRA*, the City allows for certain exemptions, reductions and rebates based on the ownership of properties.

The City's Rates Policy must be adopted on an annual basis to ensure compliance with the City's strategic objectives and with the applicable legislation.

This Policy is prepared in order to support the Municipal budget in accordance *with Regulation 7 of the MFMA* namely the *Municipal Budget and Reporting Regulations*.

2. Guiding Principles

The City's Rates Policy (herein after referred to as "the/this Policy") is based on the following guiding principles:

- equity;
- affordability;
- poverty alleviation;
- social and economic development;
- financial sustainability; and
- cost efficiency.

As provided for in the *MPRA*, the City has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. However, the City does not grant relief in respect of payments for rates to any category of owners or properties, other than by way of an exemption, reduction or rebate provided for in this Policy, or to owners of properties on an individual basis.



SECTION B - MUNICIPAL PROPERTY RATES

3. Categories of Property

In accordance with Section 8 of the MPRA, the City levies different rates on different categories of properties, which are determined according to the use and in some instances on the use and ownership of the property.

The City has identified the following categories of property in accordance with section 8 and 93A of the Act and will levy a rate on each category of property in accordance with the MPRA: -

- a) Residential properties;
- b) Business and commercial properties;
- c) Industrial properties;
- d) Agricultural properties – any agricultural property not used for bona fide farming will not fall within this category;
- e) Mining properties;
- f) Properties owned by an organ of state and used for public service purposes.
- g) Public Service Infrastructure properties;
- h) Properties owned by Public Benefit Organisations and used for specified public benefit activities;
- i) Properties used for multiple purposes - In cases where the Municipal Valuer considers it reasonable to apply this category, properties which are used for multiple purposes and thus fall within different categories of properties, an apportionment of value for each distinct use of the property must be calculated by the Municipal Valuer and used for billing at the appropriate and applicable rate(s);
- j) Vacant land;
- k) Cemeteries and Crematoria;
- l) Properties owned by an organisation – not for profit and used for animal shelters;
- m) Properties owned by an organisation – not for profit and used as an early childhood development facility;
- n) Properties owned by an organisation – not for profit and used for youth development;
- o) Properties owned by an organisation – not for profit and used as accommodation for the vulnerable;
- p) Properties owned by an organisation – not for profit and used as a local community museum;
- q) Properties owned by an organisation – not for profit and used for an old age home;
- r) Properties owned by an organisation – not for profit and used exclusively for amateur sport;
- s) Properties owned by a Social Housing Regulatory Authority accredited Social Housing Institutions or accredited Other Delivery Agents (ODA) and used for social housing;



- t) Properties owned by war veterans' associations and used for the welfare of war veterans;
- u) Nature conservation land;
- v) Properties owned by a religious community and used for specified religious purposes;
- w) Miscellaneous property rating category.

4. Application Requirements for the Change in Property Rating Category

4.1. Agricultural Property*

In order for property to be categorised as agricultural property a SARS ITA34 certificate must be provided together with a statement by the owner describing all activities performed on the property.

4.2. Properties owned by Public Benefit Organisations (PBOs) and used for specified public benefit activities*

In order for property to be categorised as Properties owned by Public Benefit Organisations (PBOs) and used for specified public benefit activities, the following requirements* must be met:

- 4.2.1. The registered owner **must** be a registered PBO;
- 4.2.2. The user (lessee) **must** also be a registered PBO; **and**
- 4.2.3. The property **must** be used for specified public benefit activities in accordance with items 1, 2 or 4 of Part 1 of the 9th Schedule of the Income Tax Act.

The following documentation must be provided together with the completed application form:

- a) An exemption letter from SARS confirming registration as a PBO;
- b) A valid tax clearance certificate or confirmation of tax compliance status; and
- c) A copy of the organisation's memorandum of incorporation/founding documents

4.3. Properties owned by an organisation – not for profit*

In order for property to be categorised as Properties owned by an organisation – not for profit the following requirements* must be met:

- 4.3.1. The registered owner and user of the property must meet the requirements of an organisation not for profit; **and**



4.3.2. The property must be used for the purposes in accordance with the property rating category. Where there is no definition provided, the ordinary meaning shall apply.

In order to be categorised as any one of the organisations not for profit mentioned above, application for the change in property rating category must be made and the following documentation must be provided*:

- a) A copy of the founding documents of the organisation;
- b) A valid tax clearance certificate or confirmation of tax compliance status;
- c) SARS document confirming PBO/NPO/NPC registration (if applicable)

4.4. Properties owned by a SHRA-accredited Social Housing Institutions or accredited Other Delivery Agents (ODA) and used for social housing*

Properties registered in the name of a SHRA-accredited Social Housing Institutions or accredited ODA's must provide the residential property units on the property to house tenants whose gross monthly income is spread within the income bands range (R1 850,00 - R22,000,00 / month) determined by SHRA guidelines and regulations in order for the property to be categorised as such.

The Social Housing Institutions or ODA's must apply to the Director: Revenue on an annual basis to remain in this property category.

The following documentation must be supplied annually:

4.4.1. Company accreditation certificate from the SHRA

4.4.2. Letter from the SHRA confirming that:

- a) the Project is accredited and under regulation and evaluated on a quarterly basis;
- b) the property contains an appropriate income group spread.

4.5. Properties owned by war veterans' associations and used for the welfare of war veterans*

In order for property to be categorised as Properties owned by war veterans' associations and used for the welfare of war veterans, a copy of the founding documents of the association must be provided together with a confirmatory statement by the owner describing all activities performed on the property.

The application forms for the change in property rating category for the above-mentioned property categories can be found on the City of Cape Town's [Property Rates](#) website.



At the discretion of the Municipal Valuer/Director: Revenue, property owners may be required to apply for the change in property rating category once at the start of a General Valuation except in relation to Properties owned by a SHRA-accredited Social Housing Institutions or accredited Other Delivery Agents (ODAs) and used for social housing which must be applied for annually.

Where an application is received in any particular financial year, the effective date for the property rating category change is deemed to be 1 July of that financial year provided that all the requirements relating to ownership and use have been met. If the requirements of ownership and use were not met as at 1 July of that financial year, the effective date will be the date upon which the requirements were fulfilled.

* The Municipal Valuer/Director: Revenue reserves the right to request additional documentation if so required.

5. Criteria for Applying Different Levies for Different Categories of Properties

The rate charged as an amount-in-the-land for Residential Properties is the base rate and the rates charged in respect of all other categories of properties are reflected as ratios to the residential rate. The criteria for applying different ratios are as follows:

5.1. Industrial, Business and Commercial, Mining Properties

The ability of owners to recover part of their costs via lower income tax and the ability to recover such costs from their own customers supports the rate differentiation. These property categories will be rated at double the residential property rate-in-the-Rand. The City determines the rates ratio for these property categories at 1:2.35.

5.2. Vacant land

Owners are encouraged to develop vacant land in line with the City's policies. The City determines the rates ratio for vacant land at 1:2.

5.3. Agricultural Property

The *MPPRR on Rate Ratio* prescribes that Agricultural properties are to be rated at no more than 25% of the residential property rate-in-the-land. Thus, the City may rate an agricultural property at any ratio of choice below the prescribed rates ratio of 1:0.25. Taking into account the limited rate-funded services supplied to agricultural properties in general, the contribution of agriculture to the local economy, the extent to which agriculture assists in meeting the service delivery and development obligations of the City, and the contribution of agriculture to the social and economic welfare of farm



workers, the City determines the rates ratio for bona fide agricultural property at 1:0.20.

5.4. Properties owned by an Organ of State and used for public service purposes

Ratepayers contribute to the national *fiscus* through various national taxes for national and provincial government to provide the services set out in the definition of public service purpose.

In addition, the MPRA already provides relief in respect of public service infrastructure. Therefore, properties owned by an organ of state and used for public service purposes should not receive any further benefit and the ratio will be twice the residential rate. The City determines the rates ratio for Properties owned by an Organ of State and used for public service purposes at 1:2.

5.5. Public Service Infrastructure (PSI)

The *MPRR on Rate Ratio* prescribes that, PSI property must be rated at no more than 25% of the residential property rate-in-the-land. The City determines the rates ratio for PSI property at 1:0.25.

5.6. Properties owned by Public Benefit Organisations (PBOs) and used for specified public benefit activities

The *MPRR on Rate Ratios* stipulates that property owned by PBOs and used for a specified public benefit activity listed in item 1 (Welfare and humanitarian); item 2 (Health care); and item 4 (Education and development) of Part 1 of the *Ninth Schedule to the Income Tax Act, 58 of 1962*, will be rated at no more than 25% of the residential property rate-in-the-land. The City recognises the important role that PBO's play in the social and economic well-being of the communities that they operate in. In line with the strategic IDP priorities of a safe and caring city a lesser rates burden assists these organisations in meeting their objectives.

The City determines the rates ratio for Properties owned by Public Benefit Organisations (PBOs) and used for specified public benefit activities at 1:0.25.

All other property owned by PBOs that do not fall within the definition as outlined in the *MPRR*, and by virtue of the use of the property, which does not fall within any of the other property categories, will be rated as business and commercial property.



5.7. Cemeteries and Crematoria

Properties used as a cemetery or a crematory will receive a rates ratio of 1:0. Cemeteries will not be treated as vacant land and such usage will not attract availability charges in accordance with the Tariff Policy.

5.8. Properties owned by an organisation – not for profit and used for animal welfare

The City recognises the important role that non-profit organisations play in the social and economic well-being of the communities that they operate in. In line with the strategic IDP priorities of a safe and caring city a lesser rates burden assists these organisations in meeting their objectives.

The City determines the rates ratio for these properties at a rates ratio of 1:0.

5.9. Properties owned by an organisation – not for profit and used as an early childhood development facility

The City recognises the important role that non-profit organisations play in the social and economic well-being of the communities that they operate in. In line with the strategic IDP priorities of a safe and caring city a lesser rates burden assists these organisations in meeting their objectives.

The City determines the rates ratio for these properties at a rates ratio of 1:0.25

5.10. Properties owned by an organisation – not for profit and used for youth development

The City recognises the important role that non-profit organisations play in the social and economic well-being of the communities that they operate in. In line with the strategic IDP priorities of a safe and caring city a lesser rates burden assists these organisations in meeting their objectives.

The City determines the rates ratio for these properties at a rates ratio of 1:0.25

5.11. Properties owned by an organisation – not for profit and used as accommodation for the vulnerable

The City recognises the important role that non-profit organisations play in the social and economic well-being of the communities that they operate in. In line with the



strategic IDP priorities of a safe and caring city a lesser rates burden assists these organisations in meeting their objectives.

The City determines the rates ratio for these properties at a rates ratio of 1:0.25

5.12. Properties owned by an organisation – not for profit and used as a local community museum

The City recognises the important role that non-profit organisations play in the social and economic well-being of the communities that they operate in. In line with the strategic IDP priorities of a safe and caring city a lesser rates burden assists these organisations in meeting their objectives.

The City determines the rates ratio for these properties at a rates ratio of 1:0.

5.13. Properties owned by an organisation – not for profit and used for an old age home

The City recognises the important role that non-profit organisations play in the social and economic well-being of the communities that they operate in. In line with the strategic IDP priorities of a safe and caring city a lesser rates burden assists these organisations in meeting their objectives.

The City determines the rates ratio for these properties at a rates ratio of 1:0.25.

5.14. Properties owned by an organisation – not for profit and used exclusively for amateur sport

The City recognises the benefit that amateur sport plays within society. In line with the strategic IDP priorities of a safe and caring city a lesser rates burden assists these organisations in meeting their objectives.

This category requires that property be used exclusively for amateur sport. The City recognises that in exceptional circumstances an owner may want to host a professional sport event without losing the benefits of this property rating category. An owner may apply to the Chief Financial Officer to host a professional event at their property.

The Chief Financial Officer may grant the request to host a professional event, including imposing any reasonable conditions.



In considering the request, the Chief Financial Officer should take into consideration one or more of the following factors:

- a. The economic benefit to Cape Town
- b. The impact on the surrounding community
- c. The financial impact that the event will have on the owner
- d. The number of previous professional events approved
- e. The input from the Events Office of the City
- f. The duration of the event

Any application needs to be submitted timeously to allow for a considered decision by the Chief Financial Officer.

The City determines the rates ratio for these properties at a rates ratio of 1:0.25.

5.15. Properties owned by a SHRA-accredited Social Housing Institutions or accredited Other Delivery Agents (ODA's) and used for social housing

The City recognises the important role that SHRA accredited Social Housing Institutions and accredited ODA's play in the social and economic well-being of the communities that they operate in. In line with the strategic IDP priorities of a safe and caring city a reduced rates burden assists these institutions and agents in meeting their objectives.

Non-Residential Properties of such institutions and agents do not fall within this category.

The City determines the rates ratio for these properties at a rates ratio of 1:0.25

5.16. Properties owned by war veterans' associations and used for the welfare of war veterans

The City recognises the important role that non-profit organisations play in the social and economic well-being of the communities that they operate in. In line with the strategic IDP priorities of a safe and caring city a lesser rates burden assists these organisations in meeting their objectives.

The City determines the rates ratio for these properties at a rates ratio of 1:0.25



5.17. Nature conservation land

Private land owners who conserve land through voluntary conservation stewardship ease the burden on the City and other conservation organisations as the land is added to the overall conservation estate but it need not be purchased by an Organ of State. In addition, the costly ecological management of these sites, in particular alien vegetation and fire management are conducted by the landowner as per an approved Environmental Management Plan.

The City determines the rates ratio for these properties at a rates ratio of 1:0

5.18. Properties owned by a religious community and used for specified religious purposes

The City recognises the important role that religious communities play in the social and economic well-being of the communities. In line with the strategic IDP priorities of a safe and caring City, a lesser rates burden assists the religious communities in meeting their objectives.

The City determines the rates ratio for these properties at a rates ratio of 1:0.25.

5.19. Miscellaneous Property Rating Category

This category comprises of property that does not fall into any other category of property. At the discretion of the Municipal Valuer, this includes but is not limited to properties used as Residential detached structures; Military camps; Prisons; Sports club / facility / stadium / field; Memorial/monument; parking; Community centres; Archives; Library; halls; common property and museums excluding properties owned by an organisation – not for profit and used as a local community museum.

The City determines the ratio for these properties at a rates ratio of 1:2.35.

Note: In those instances where the ownership and/or use of a property falls within more than one category of properties, the Municipal Valuer has the discretion to determine which category of property the property will fall into.



• **Rates Ratios**

	CATERGORY	RATES RATIOS
1.	Residential Properties	1:1
2.	Industrial Properties	1:2.35
3.	Business and Commercial Properties	
4.	Mining Properties	
5.	Properties owned by an organ of state and used for public service purposes	
6.	Miscellaneous Properties	
7.	Vacant Land	1:2
8.	Public Service Infrastructure (PSI)	1:0.25
9.	Properties owned by public benefit organisations (PBOs) and used for specified public benefit activities	
10.	Properties owned by an organisation – not for profit and used as an early childhood development facility	
11.	Properties owned by an organisation – not for profit and used for youth development	
12.	Properties owned by an organisation – not for profit and used for accommodation for the vulnerable	
13.	Properties owned by an organisation – not for profit and used for an old age home	
14.	Properties owned by an organisation – not for profit and used exclusively for amateur sport	
15.	Properties owned by a SHRA-accredited Social Housing Institutions or accredited Other Delivery Agents (ODA's) and used for social housing	
16.	Properties owned by war veterans' associations and used for the welfare of war veterans	
17.	Properties owned by a religious community and used for specified religious purposes	
18.	Agricultural Properties	1:0.20
19.	Properties owned by an organisation – not for profit and used as a local community museum	1:0
20.	Cemeteries and Crematoria	
21.	Properties owned by an organisation – not for profit and used for animal shelters	
22.	Nature Conservation land	
23.	Properties used for Multiple Purposes	Ratio will be determined per allocation



SECTION C – EXEMPTIONS, REBATES AND REDUCTIONS

6. Exemptions, Reductions and Rebates

- 6.1. The City may, in terms of the criteria set out in this Policy, exempt a specific *category of owners* of properties, or the owners of a specific *category of properties*, from the payment of a rate levied on their property; or grant to a specific *category of owners* of properties, or to the owners of a specific *category of properties*, a rebate or reduction in the rates payable in respect of their properties.
- 6.2. In accordance with *section 15(3)* of the *MPRA*, the Municipal Manager of the City will annually table in the Council of the Municipality a:
 - 6.2.1. List of all exemptions, reductions and rebates granted by the City during the previous financial year; and
 - 6.2.2. Statement reflecting the income of the City foregone during the previous financial year by way of such exemptions, reductions and rebates.

7. EXEMPTIONS

To avoid fruitless and wasteful expenditure, the City will not levy a rate on any private road or any other property where the market value of the property is equal to or less than R50 000 or such other amount as determined by Council from time to time. This clause will not apply when other service charges (including availability charges) or an additional rate in respect of property situated in a special rating area (as contemplated in *section 22* of the *MPRA* and the *Special Rating Area By-law and Policy*) are billed to that property nor will it apply to any units in a sectional title scheme.

8. REBATES: Categories of Owners of Properties

The City has determined the following categories of *owners of property* for the purpose of exemptions, rebates and reductions in accordance with *section 15 (2)* of the *MPRA*.

8.1. Indigent

In terms of *sections 3(3)(f)* and *15* of the *MPRA* all indigent owners, for rating purposes, will qualify in respect of their primary place of residence for the benefits as set out in this policy and Chapter 4 of the *Credit Control and Debt Collection By-Law and Policy*. Indigent owners may also qualify for the 100% rebate if the applicant is dependent on pension or a social grant for their livelihood on condition that all other criteria remain applicable. The cumulative rebate shall not exceed 100%.



8.2. Owners who are dependent on Pension or Social Grants for their livelihood

8.2.1. In order to qualify for a rebate, this category of owners must meet the following criteria:

- a) be a natural person;
- b) be dependent on a pension or social grant for their livelihood - the dependency on pension or social grants is not a sole dependency but there must be a dependency to some degree. At the discretion of the CFO, an owner, applying for the pension rebate, who is still economically active may be considered for the rebate if all the other criteria set out in the paragraph are met and they are not yet dependent on a pension;
- c) the property must satisfy the requirements of the category of Residential Property;
- d) be the registered owner of the Residential Property; and
- e) on 1 July of the financial year:
 - i. occupy the property as his/her primary place of residence, provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or partner or children (including minor children) may satisfy the occupancy requirement;
 - ii. With regards to owners who are dependent on pensions, the applicant must be at least 60 years of age; or if the owner turns 60 during the year the rebate will be granted on a pro rata basis from the date on which the applicant turned 60;
 - iii. be in receipt of a gross monthly household income not exceeding R22 000 (twenty two thousand Rand) and proven by the submission of the minimum of three months bank statements from all financial institutions or, if the person does not have a bank account, such proof as the City may require to substantiate the person's level of gross monthly household income.

8.2.2. A *usufructuary* or *habitatio* (right of habitation) or an executor or administrator of a deceased estate will be regarded as an owner. The applicant must produce an Affidavit or a letter from the Master of the High Court or suitably endorsed Title Deed or addendum to the Title Deed to substantiate the appointment.

8.2.3. The criteria of a natural person may be waived at the discretion of the CFO to allow for a property owned by:

- 8.2.3.1. A trust where at least one beneficiary meets all the other criteria; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of all beneficiaries, which income may, collectively, not exceed R22 000.



- 8.2.3.2. A Close Corporation (CC) where the total number of members meets all of the other criteria; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of all members, which income may, collectively, not exceed R22 000.
- 8.2.3.3. Multiple owners where at least one co-owner meets all of the other criteria; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of the co-owners of that property, which income may, collectively, not exceed R22 000.
- 8.2.4. The criteria of registered owner (per the Deeds Office) may for the purposes of granting exemptions, rebates and reductions be waived at the discretion of the CFO to allow the holder of a share in a share-block company or the holder of a life right and who occupies that property which that person has the right to occupy and such person is responsible for the payment of the rates in terms of their right to occupy, to allow that owner and occupant to apply for this rebate (subject to all the other applicable criteria).
- 8.2.5. Owners must apply for the rebate in the year when a new GV or SV, as the case may be, are implemented. Applications made when a new GV is implemented must be received by the City by 31 August of the financial year when the GV will be implemented. Applications made when a SV is implemented, must be received by the City by the last day of the third month following the implementation date of the SV, failing which no such rebate may be granted for those financial years. The CFO has the discretion to extend the applicable application dates above.
- 8.2.6. Where there is a change in the gross household income, the owners must apply for the rebate within three months of the change, failing which no such rebate will be granted for that financial year.
- 8.2.7. Approved rebate applications will remain valid until the next GV, SV or until a change to the gross household income of those properties are implemented. An owner is required to immediately inform City should the gross monthly household income change.
- 8.2.8. Any owner, who meets all the other criteria, may apply to receive the rebate from the date of receipt by the City of the application for the remainder of the validity of that GV, where after all the criteria set out above will apply to applications for rebates in subsequent financial years.



- 8.2.9. If the gross monthly household income changes substantially as a result of the spouse/partner passing away the surviving spouse/partner may apply for the rebate to be adjusted from the date of death.
- 8.2.10. Where a couple qualifies for a rebate in terms of this paragraph and one passes away and the surviving spouse/partner does not qualify in terms of age / social grant criteria, the rebate may be retained for a period of 12 months from the date of death on condition that the surviving spouse meets the other criteria mentioned herein.
- 8.2.11. Where a ratepayer qualifies for a rebate in terms of this paragraph and passes away, leaving only a child headed household where the child does not qualify in terms of age or does not receive a social grant, the rebate will be retained for a period of 12 months from the date of death on condition that the other criteria mentioned herein are met.
- 8.2.12. On application, the gross monthly household income will be rounded off to the nearest rand in order to determine the percentile rate applicable. The percentage rebate granted to different gross monthly household income levels will be determined according to the schedule below.

Gross Monthly Household Income		% Rebate
R 0	R 7 500.00	100%
R 7 501.00	R 10 000.00	95%
R 10 001.00	R 14 000.00	90%
R 14 001.00	R 15 000.00	80%
R 15 001.00	R 16 000.00	70%
R 16 001.00	R 17 000.00	60%
R 17 001.00	R 18 000.00	50%
R 18 001.00	R 19 000.00	40%
R 19 001.00	R 20 000.00	30%
R 20 001.00	R 21 000.00	20%
R 21 001.00	R 22 000.00	10%

- 8.2.13. Any late applications or deviations from the ownership, occupancy, registration or usage requirements for an exemption, rebate and reduction must be motivated in writing to the CFO and will be dealt with at the discretion of the CFO or his/her nominee, taking account of any factors which he/she deem to be relevant, including, but not limited to considerations of fairness and equity. The CFO or his/her nominee has the right to conduct a full credit check or financial analysis on any person, organization or institution applying for any benefit in terms of this policy.



- 8.2.14. Should a property owner not be satisfied with the outcome of an application for a rebate in terms of this policy, he/she may lodge an appeal in terms of *section 62* as read with *section 95(f)* of the *Local Government Municipal Systems Act 32 of 2000*.

9. REDUCTION: Residential Property

- 9.1. In terms of section 15(2)(e) of the MPRA, when granting exemptions, rebates or reductions in respect of categories of owners of properties, such categories may include owners of residential properties with a market value lower than an amount determined by the City. The City determines the market value of below R5 000 001,00 (Five million and one rand).
- 9.2. The City has determined a reduction of R435 000,00 (Four hundred and thirty five thousand rand) which will apply to owners of residential properties used as a primary place of residence with a market value of below R5 000 001,00 (Five million and one rand).
- 9.3. If more than 40% of the extent of a residential property (freestanding house or the sectional title unit) is being used for purposes other than residential purposes, these properties will not qualify for the residential relief. Properties (freestanding and/or sectional title units) that are categorised as residential property by virtue of it being used in conjunction with a primary place of residence, will not be eligible for the reduction.

SECTION D – GENERAL

10. Impermissible Rates

The City will not levy a rate on the properties set out in sections 17 of the MPRA.

The City does not levy a rate on a property registered in the name of, and used primarily as a place of public worship by a religious community. This includes the official residence occupied by the primary office-bearer (priest, pastor, minister etc.) who officiates services at the place of public worship.

- 10.1. In order for a rate not to be levied on a property used as place of public worship, the following documentation is required*:
- If the property is registered in the name of a Trust, the Trust Deed must be provided, as proof that the property is registered in the name of a trust established for the sole benefit of a religious community; or
 - documentation as proof that the property is subject to a land tenure right.



- 10.2. In order for a rate not to be levied on the residence of the primary office-bearer, the following criteria must be met*:
- a) The religious community must be the registered owner of the property being used as a place of public worship, as well as the residential property, which is occupied by the primary office-bearer.
 - b) The property must be used for residential purposes and occupied by the primary office-bearer as his/her primary place of residence.
- 10.3. The following documentation is required in respect of the residence of the office-bearer*:
- a) A confirmatory statement from the primary office-bearer stating that he/she resides on the residential property owned by the religious community, as his/her primary place of residence; and
 - b) A copy of proof of address not older than three months (addressed to the primary office-bearer and not to the religious community. A municipal account will not be accepted as proof of address for application purposes).

*The Municipal Valuer/Director: Revenue reserves the right to request additional information/documentation, if so required.

11. Liability for Rates

A property rate is a debt in respect of taxation in terms of *section 11* of the *Prescription Act 68 of 1969*, and the City can recover rates in arrear for a period of up to 30 years.

The due date for payment of rates in terms of *sections 26(2)(a) and (b) and 78(4)* of the *MPRA* means the date reflected on a municipal invoice as the final date on which payment is due and payable.

Liability for the payment of rates is further governed by the *MPRA* and the *City's Credit Control and Debt Collection By-Law and Policy*.

Rates which are recovered by the City on an annual or a monthly basis, are payable on or before the due date stipulated in the account sent to the ratepayer and payable in full on or before the due date and interest will be charged on rates that are in arrears.

A ratepayer remains liable for the payment of the rates whether or not an account was received and if an account was not received, the ratepayer must make the necessary inquiries from the City to establish the amount due for the rates and to pay that amount to the City.



12. Multiple Owners

The City of Cape Town will not split a municipal account because of multiple owners and will hold the owners jointly and severally liable for payment.

13. Interest on Overdue Accounts

Interest will be raised on overdue accounts as determined in the Credit Control and Debt Collection By-Law and Policy.

14. Effects of reviews, objections and appeals on liability for payment

The lodging of an objection, a review or an appeal in terms of *sections 50, 52 and 54* of the *MPRA* does not defer liability for the payment of rates.

15. City Owned Properties

City owned properties will only be valued where the City intends to impose rates on those properties.

The City Manager or his/her nominee may determine which City properties need to be valued for rating purposes. When the City Manager determines that municipal property is to be valued for rating purposes, the lessee of the municipal property will be regarded as the owner of the property and will be liable for the payment of any rates due. The Municipal Valuer will be responsible for allocating the property to the appropriate property rating category.

A purchaser, in the case where a property was sold by the City and of which possession was given to the purchaser pending registration of ownership in the name of the purchaser at a later date, will be deemed to be the owner and will be liable for the payment of rates and may therefore be eligible for any rates relief.

16. Supplementary Valuation (SV) Effective Date

The effective date in respect of a supplementary valuation will be conducted in accordance with section 78 of the *MPRA*.



17. Adjustments to previous Valuation Rolls

Rates raised in a previously certified Valuation Roll may be written back with the authority of the Director: Valuations in the following circumstances:

- 17.1. Administrative errors including incorrect erf extents and erven that were not timeously made inactive;
- 17.2. Inconsistencies in valuations between valuation rolls where a current objection or appeal has been successful;
- 17.3. Incorrect attribute data (e.g. dwelling extents) were used to value a property for a historical roll, and require the historical value to be amended in line with the corrected data.

18. Identification and Quantification of Costs and Benefits

The cost to the City and benefit to the local community of exemptions, rebates, and reductions are reflected in the City's budget.

19. Hanging and Holding Properties

For the purposes of creating a single account for properties forming one economic entity, specific contiguous properties may be treated as one property on the valuation roll, i.e., one valuation for a number of contiguous properties. The holding property as well as the hanging properties will be reflected on the roll but the valuation will only be reflected against the holding property.

Properties may be created as one economic entity in terms of the following rules:

- a) Properties must be in the same ownership;
- b) A building(s) forming an economic entity must straddle all the contiguous erven as if they were consolidated;
- c) All municipal services must be linked to the property reflecting the total municipal valuation of the erven treated as if consolidated;
- d) A contiguous property with no economic viability or development potential and which is likely to attract no more than a nominal value, e.g. irregularly shaped or small pieces of land that cannot be optimally developed, small uneconomic land extensions for swimming pools or gardening, lanes, stairs, slivers of land bordering rivers, as well as road reserves may be treated as a hanging property even though the requirements of paragraph (b) are not met;
- e) Contiguous pieces of agricultural land which are being farmed as one economic entity will also qualify should the other requirements (excluding b) be met;
- f) Parking on a separate erf that is essential for the viability of the economic unit; and
- g) Sports fields that may or may not be contiguous to a school but form an essential component of the school may be treated as an economic unit.



- h) All Public Service Infrastructure property (with exception of Public Service Infrastructure phase out) will be subject to a hanging and holding relationship.

The Municipal Valuer will, in his/her discretion, decide which properties should be treated in terms of the above as hanging and holding.

SECTION E – SPECIAL RATING AREAS

20. Special Rating Areas

The Council may by resolution from time to time determine special rating areas as envisaged in *section 22 of the MPRA* and levy additional rates on properties in areas for the purpose of raising funds as contemplated in the said section and the Council has adopted a By-law and policy to regulate the implementation of such special rating areas.

SECTION F – COUNCIL RESOLUTIONS EFFECTING THE LEVYING OF RATES

21. Special Council Resolution (SPC 07/05/17) dated 30 May 2017

NOTE:

Council Special Council Resolution (SPC 07/05/17) dated 30 May 2017 states:

(a) *The Rates Policy 2016/17 be amended with the insertion of:*

“5.21 Owners of properties in the Diep River Housing Rental Estate who have taken ownership in terms of agreement with the former South Peninsula Municipality and the Steurhof Restitution of Tenancy Rights Committee, and who were evicted lessees in terms of the Group Areas Act are exempted from rates for the first ten years of ownership, calculated from the date of registration in their name. The exemption applies to the owners, heirs, dependants or spouse and lapses upon alienation of the property by the owner, heirs, dependants or spouse. After the ten years the compulsory phasing in of rates are applicable in terms of s21 of the MPRA.”

(b) *that the Steurhof Lease Claimants be exempted from rates as per Section 5.21 of the Rates Policy 2016/17*

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