

ITEM NUMBER: C 09/04/17

RECOMMENDATION FROM THE EXECUTIVE MAYOR: 18 APRIL 2017

MC 22/04/17 APPLICATION FOR THE DETERMINATION OF A SPECIAL RATING AREA (SRA) KNOWN AS THE NORTHPINE CITY IMPROVEMENT DISTRICT (NCID)

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 Northpine City Improvement District (NCID), in terms of the Special Rating Area By-law, 2012, as amended
- (b) the City of Cape Town approve the application submitted by Michelle Lindsay Schereka, the registered owner of Erf 6026, Northpine, to establish the NCID in terms of Section 8.1(a) of the Special Rating Area By-law, as amended
- (c) the City of Cape Town impose the levying of an additional rate on properties in the NCID from 1 July 2017 in terms of Section 22(1)(b) of the Local Government: Municipal Property Rates Act (MPRA), Act 6 of 2004
- (d) a Finance Agreement be concluded between the City of Cape Town and the NCID Management Committee in terms of Section 12(6) of the Special Rating Area By-law, as amended.



REPORT TO : Council

DATE : 2017-04-18

1. ITEM NUMBER MC 22/04/17

2. SUBJECT

APPLICATION FOR THE DETERMINATION OF A SPECIAL RATING AREA (SRA) KNOWN AS THE NORTHPINE CITY IMPROVEMENT DISTRICT (NCID)

AANSOEK OM DIE BEPALING VAN 'N SPESIALE-AANSLAGGEBIED (SRA) BEKEND AS DIE NORTHPINE-STADSVARBETERINGSDISTRIK (NCID)

ISICELO SOKUMISELWA KOMMANDLA ONGEERHAFU EZIZODWA OWAZIWA NGOKUBA SISITHILI SOPHUCULO LWESIXEKO SASE-NORTHPINE (NCID)

H5224

3. DELEGATED AUTHORITY

In terms of delegation

This report is

- Committee name:
- The Executive Mayor ito Delegated authority
- The Executive Mayor together with the Mayoral Committee (MAYCO)
- Council

4. DISCUSSION

Property owners of Northpine in Brackenfell identified the need to take ownership of their area and assist the City to create a friendly environment to live within.

A Steering Committee consisting of property owners from the area was formed to pursue the Special Rating Area (SRA) model which allows property owners to provide additional municipal services to improve and upgrade their area as a City

Making progress possible. Together.

JMH

Improvement District. These services will be funded from additional property rates to be collected from the property owners in the area.

The Steering Committee was guided through the establishment process as set out in sections 4 to 7 of the SRA By-law as amended and paragraphs 9 and 10 of the SRA Policy:

Initiation Phase:

An introductory meeting was held with members of the Steering Committee to inform them of the legislative requirements and timeline of the establishment process.

After a formal request was received from the Steering Committee to pursue SRA establishment a data base listing 2 443 properties was extracted:

- 2312 properties eligible to vote
- 85 exempted properties (receive rates relief)
- 46 municipal properties (CCT properties do not contribute)
- 2443 Total number of properties

An arrears profile on the properties eligible to vote indicated a payment ratio of 94.7% for the period 1 October 2014 to 30 September 2015.

This is in accordance with the SRA Policy as it reflects the trend of the community in paying their municipal accounts. If the payment ratio is low then the community may not have the ability to pay for supplementary services which will jeopardise the impact of the benefits of a SRA as it may not be sustainable and would expose the City to cash flow risks. Furthermore the Steering Committee fund the process to establish at risk and would be setting off on an unsound base in expending personal funds and energy in pursuing establishment should the payment ratio be low.

The acceptable payment ratio allowed the Steering Committee to continue with the process and conduct an urban management survey to obtain insight into the current status of the area as perceived by property owners and people using the area in respect of the following focus areas:

- Public safety;
- Cleansing; and
- Urban Management

Business Plan Content:

The urban management survey results indicated that residents are most concerned with public safety, the state of the public areas and the general beautification of the

Making progress possible. Together.

surroundings. These formed the basis for compiling a draft business plan to address the needs of the area.

The proposed Northpine City Improvement District (NCID) Business Plan (1 July 2017 - 30 June 2022) consists of a Motivation Report that defines the need and framework required to provide the top-up municipal services, an Implementation Plan proposing relevant action steps to implement the services and the term Budget which reflects the funding required to provide these attached as annexure A.

The draft business plan was reviewed in terms of the SRA legislative requirements, affordability and sustainability and circulated to the following Service Departments on 9 September 2016 requesting them to confirm compliance in terms of the IDP.

- Transport and Urban Development Authority: Integrated Transport Portfolio: Asset Management and Maintenance
- Social Services: Social Development and Early Childhood Development: Centralised Operations, Programmes and PMO
- Social Services: Recreation and Parks
- Directorate of the Mayor: Enterprise and Investment: Enterprise Development
- Safety and Security
- Informal Settlements, Water and Waste Services: Solid Waste Management

No comments were forthcoming from any of the Departments so it is assumed that the Business Plan aligns with the functions of the respective departments with whom they will interact should the application to establish a SRA be successful.

Public Meetings:

The draft Business Plan was presented to the property owners of Northpine at a public meeting held on 22 August 2016 after which the obtaining of support commenced. Notice and minutes of this meeting are attached as annexure B.

Obtaining Support:

As the NCID is regarded as a residential SRA in terms of the SRA legislation, the proposal required at least 60% written support from property owners before an application for establishment could be submitted to the City.

Application:

On a request of the Steering Committee the due date to submit the application was extended from 30 September 2016 to 14 October 2016 by the Director: ISL ito paragraph 9.4.4 of the SRA Policy (refer annexure C).

Making progress possible. Together.

The Steering Committee submitted an application to establish the NCID as per the application letter received on 13 October 2016 (refer annexure D) that refers to the following:

- The Business Plan (Motivation Report, Implementation Plan and Budget);
- The written consent or objections of property owners within the proposed SRA who will be liable for paying the additional rate;
- Property database indicating consent or objection to the SRA proposal;
- Affidavit declaring that the required support has been obtained;
- Advertisements and notices of the public meeting;
- Copy of the presentation done at the public meeting, and
- Minutes of the public meeting.

When the application was validated 5 consent forms were referred back to the Steering Committee for remedial action as the person that signed the consent form details did not correlate with that of the registered property owner's details. Notwithstanding this the application remained valid (refer annexure E).

Advertising of application:

The application was advertised for comments and objections on 1 and 2 December 2016 as required by section 7 of the SRA By-law as amended and paragraph 9.5 of the SRA Policy. The notice was also attached to the Municipal account of all the affected properties (refer annexure F).

Property owners had the opportunity to submit their comments or objections to the establishment of the NCID to the City until 24 February 2017. This notice also informed all property owners of a further public meeting which was held on 10 February 2017. Minutes of this meeting is attached as annexure G.

All the public meetings were attended by City staff who dealt with technical questions and matters of clarity.

Objections:

A total of three objections/comments were received from property owners. The issues ranged from:

- Do pay rates and not enlightened as to how rates are being spent;
- Not against the NCID but it's the principle of funding it by an additional rate;
- Not fair to force resident to pay extra fees;
- Inability to pay; and
- City is doing a well enough job.

Making progress possible. Together.

Paragraph 9.5.3 of the SRA Policy requires that the Steering Committee engage with objectors to ensure that there is a clear understanding of the SRA proposal and processes that needs to be followed. A summary indicating the properties, ownership, objection date, engagement date, objection points and comments of the Steering Committee is attached as annexure H.

Consultation meetings were held with the three objectors and as per the minutes of the meeting the objectors indicated that they concur with the minutes. Two of the objectors indicated in the minutes that they now support the NCID. They did not submit a new consent form indicating their support and are thus still regarded as objectors.

The following is attached as annexure I:

- Objection letters; and
- Minutes and confirmation from the objector that the minute is an accurate record.

Further to the above, the owners of erven 4931 and 9043 approached the City for more information regarding the NCID and were referred to the NCID web-page and/or Steering Committee. No formal objection was received from any of these property owners. A summary of their enquiry also forms part of annexures H and I.

Decision:

As per the urban management survey and objections it is clear that Northpine is a well-developed area with good infrastructure that shows signs of urban decay and the need for intervention to turn this downward spiral of degeneration into a well maintained and looked after area that is conducive to a vibrant and caring community as set out in the proposed NCID application.

The applicant complied with all the legislative processes and obtained more than the required support of 60% from property owners as required in the SRA By-law as amended and SRA Policy for a residential area.

The SRA legislation provides for the following as raised by the objectors:

- Property owners that qualify for a rates rebate will be exempted from contributing towards the SRA budget;
- The services proposed in the Business Plan were identified in the urban management survey and presented to the community at two public meetings for discussion;
- A Steering Committee representative of property owners of the area drives the establishment process. Property owners are also allowed the opportunity to become members of the NCID Non-Profit Company which enables participation.

As the Steering Committee indicated that they have made property owners aware of the process and criteria to apply for rates relief, a new property data base was extracted on 20 February 2017 for NCID properties. Full or partial rates relief will

Making progress possible. Together.

exempt a property owner from contributing to the NCID budget. This indicated that 132 additional property owners qualified for rates relief in the area. As 85 of these properties consented to the NCID they needed to be excluded from the properties that supported the application. The table below reflects that notwithstanding this the application still remains valid.

Northpine – Application Based on data base extracted on 20 February 2017		
Number of properties eligible to vote on 18 August 2016	2312	
Less properties exempt ito section 12(2) of SRA By-law due to rates relief	-132	
Total number of properties eligible for paying the additional rate	2180	100.00%
Support required >60%	1309	60.05%
Support for application	1411	61.03%
Less properties consented - now exempt ito section 12(2) of SRA By-law	-85	
Final support for application	1326	60.83%
Final objections	3	0.14%

The SRA additional rate will be calculated on the total municipal valuation for all properties within the NCID area to enable the City to collect the NCID's first year budget of R 1 814 061. The City will commence monthly pay over once the following sections in chapter 2 of the SRA By-law as amended are met:

- Section 10: Commencement with the Business Plan;
- Section 11: Establishment Composition, Powers and Duties of the Management Body; and
- Section 12: Finances (this includes the conclusion of a Finance Agreement)

The additional rate for the NCID will be considered for approval by Council and will be implemented from 1 July 2017.

Making progress possible. Together.

JMH

- 4.1. Financial implications None Opex Capex
- Capex: New Projects
 - Capex: Existing projects requiring additional funding
 - Capex: Existing projects with no additional funding requirements

Legal Compliance

4.2. Staff Implications Yes No

5. OUTCOMES OF DISCUSSIONS WITH MAYCO MEMBER

Supported

6. RECOMMENDATIONS

Not delegated: for decision by Council:

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 Northpine City Improvement District (NCID), in terms of the Special Rating Area By-law, 2012 as amended.
- b) The City of Cape Town approves the application submitted by Michelle Lindsay Schereka, the registered owner of Erf 6026 Northpine, to establish the NCID 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 properties in the NCID from 1 July 2017 in terms of section 22(1)(b) of the Local Government: Municipal Property Rates Act (MPRA), Act 6 of 2004.
- d) A Finance Agreement be concluded between the City of Cape Town and the NCID Management Committee in terms of section 12(6) of the By-law.

Making progress possible. Together.

JMH

Nie gedelegeer nie: vir besluitneming deur die Raad:

Daar word aanbeveel dat:

- a) Die Stad Kaapstad die gebied soos in die liggaam van hierdie verslag weergegee as 'n spesiale-aanslaggebied (SRA) bepaal, bekend as die Northpine-stadsverbeteringsdistrik (NCID), ingevolge die Verordening op Spesiale-aanslaggebiede, 2012, soos gewysig.
- b) Die Stad Kaapstad die aansoek om die stigting van die NCID ingedien deur Michelle Lindsay Schereka, die geregistreerde eienaar van erf 6026 Northpine, ingevolge artikel 8.1(a) van die Verordening goedkeur.
- c) Die Stad Kaapstad die heffing van 'n bykomende tarief vir eiendomme in die NCID vanaf 1 Julie 2017 oplê ingevolge artikel 22(1)(b) van die Wet op Plaaslike Regering: Wet op Munisipale Eiendomsbelasting (MPRA), Wet 6 van 2004.
- d) 'n Finansiesooreenkoms tussen die Stad Kaapstad en die NCID-bestuurskomitee ingevolge artikel 12(6) van die Verordening gesluit word.

Azigunyaziswanga-isigqibo sesebhunga:

Kundululwe ukuba:

- a) ISixeko saseKapa masibhengeze ummandla njengoko ubonakaliswe kule ngxelo njengommandla ongeerhafu ezizodwa (SRA), owaziwa njengokuba siSithili soPhuculo seSixeko saseNorthpine (NCID), ngokungqinelana noMthetho kaMasipala ongoMmandla weeRhafu eziZodwa wango-2012 njengoko ulungisiwe.
- b) ISixeko saseKapa masiphumeze isicelo esingeniswe nguMichelle Lindsay Schereka, umnini obhalisileyo wesiza-6026 eNorthpine, sokuba makumiselwe iNCID ngokwecandelo 8.1(a) loMthetho kaMasipala.
- c) ISixeko saseKapa masinyanzelise umrhumo olixabiso elongezelelekileyo kwiipropati ezikummandla weNCID ukususela ngowo-1 Julayi 2017, ngokungqinelana necandelo-22(1)(b) loMthetho wobuRhulumente boMmandla boMmandla ongamaXabiso eePropati zikaMasipala (MPRA) ongunomb.6 wangowe-2004.
- d) Makuqunjelwe iSivumelwano seZimali phakathi kweSixeko saseKapa neKomiti yoLawulo lweNCID ngokungqinelana necandelo 12(6) loMthetho kaMasipala.

Making progress possible. Together.


ANNEXURES

- Annexure A - Northpine City Improvement District (NCID) Business Plan
- Annexure B - Public meeting notice and minutes
- Annexure C - Approval to submit the NCID application after 30 September 2016
- Annexure D - Application letter
- Annexure E - Support for application
- Annexure F - Application adverts and notice of second public meeting
- Annexure G - Minutes of second public meeting
- Annexure H - Summary of objections
- Annexure I - Objections, minutes, invitation to meet and consent form

FOR FURTHER DETAILS CONTACT

NAME	Eddie Scott	CONTACT NUMBER	021 400 1872
E-MAIL ADDRESS	eddie.scott@capetown.gov.za		
DIRECTORATE	Finance	FILE REF NO	
SIGNATURE : DIRECTOR			

EXECUTIVE DIRECTOR

NAME	Kevin	COMMENT:
DATE	31/03/2017	
SIGNATURE		

Making progress possible. Together.

EXECUTIVE DIRECTOR: FINANCE

NAME Kevin Jacoby

COMMENT:

DATE 3/13/2017

SIGNATURE 

LEGAL COMPLIANCE

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


NON-COMPLIANT

NAME 

COMMENT:

DATE 04/04/2017

SIGNATURE Joan-Mari Holt

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