

IMPACT OF PROPERTY RATES TARIFF INCREASE ON JOBURG RESIDENTS

Property Rates 2019/2020

Effective 1 July 2019 - 30 June 2020

Property Rates

Property rates are calculated on the value of the property plus the value of any buildings or improvements. The rates are calculated by multiplying the market value of immovable property (for example, land and buildings) by a rate amount in the Rand that the City has determined (this is a requirement of law through the Municipal Property Rates Act).

This value is based on the property's market value – the price you would realistically get for a property on the open market, between a willing buyer and a willing seller.

Different rates are apportioned to different categories of property, e.g. residential, vacant, business and commercial, mining land, religious, farming, sectional title business or residential, agricultural business or residential, multipurpose business, and others. This classification will influence how much you are charged for property rates. The higher your municipal property rates value, the more rates you pay.

Each category of property has its own tariff or rate in the rand. The City has 25 categories that can be viewed in the City's approved Rates Policy.

The City's current Rates Policy provides for certain exemptions and rebates to be applied to certain classes of properties and/or property owners. For example, all owners of residential property are entitled to a rebate exclusion on property rates on the first R 350,000 of the property's municipal valuation.

To view your property's value, please check the **City's Valuation Roll** on www.joburg.org.za

For example, if the market value of immovable property (land and buildings) is R600 000, and the rate amount in the Rand is R0.007749, then

Amount due for property rates

$$R600\ 000 - R350\ 000 = R250\ 000$$

The rates payable by the homeowner will then be = $R250\ 000 \times 0.007749 = R1937,25$ for the whole year, which means that every month the property owner will pay R161,44 (this is calculated by dividing R1937,25 by 12 as the year has 12 months) to the City.

The rate amount in the Rand is approved by the City's council taking into account public comments/submissions/inputs on the municipal council's draft rates policy and budget that is subjected to the process of community participation in line with Chapter 4 of the Municipal Systems Act and the Municipal Finance Management Act.

THE RATES INCOME CALCULATIONS FOR 2019/2020

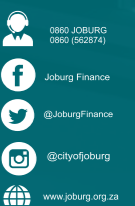
No	Category	Ratio 2018/2019	Rates for 2018/2019 (Cents in the Rand)	Ratio 2019/2020	Rates for 2019/2020 (Cents in the Rand)	% Increase
1	Agricultural Residential	1:1	0.007345	1:1	0.007749	5.5%
2	Agricultural Business	1:2.6	0.019097	1:2.6	0.020147	5.5%
3	Agricultural other	1:1	0.007345	1:1	0.007749	5.5%
4	Residential	1:1	0.007345	1:1	0.007749	5.5%
5	Consent use	1:2	0.014691	1:2	0.015499	0%
6	Business and Commercial	1:2.6	0.019097	1:2.6	0.020147	5.5%
7	Sectional title business	1:2.6	0.019097	1:2.6	0.020147	5.5%
8	Sectional title residential	1:1	0.007345	1:1	0.007749	5.5%
9	Sectional title other	1:1	0.007345	1:1	0.007749	5.5%
10	Municipal property	1:0	0	0	0	0%
11	Farming	1:0.25	0.001836	1:0.25	0.001937	5.5%
12	Mining land	1:2.6	0.019097	1:2.6	0.020147	5.5%
13	Vacant land	1:4	0.029380	1:4	0.030996	5.5%
14	PSI	1:0.25	0.001836	1:0.25	0.001937	5.5%
15	PSI privately owned	1:0.25	0.001836	1:0.25	0.001937	5.5%
16	Private open spaces	1:0.25	0.001836	1:0.25	0.001937	5.5%
17	Public open spaces	1:0.25	0.001836	1:0.25	0.001937	5.5%
18	State	1:1.5	0.011017	1:1.5	0.011623	5.5%
19	Education	1:0.25	0.001836	1:0.25	0.001937	5.5%
20	Religious	1:0	0	0	0	0%
21	Multipurpose Residential	1:1	0.007345	1:1	0.007749	5.5%
22	Multipurpose Business	1:2.26	0.019097	1:2.6	0.020147	5.5%
23	R E of a township			1:2.6	0.020147	5.5%
24	Public Benefit Organisation			1:025	0.001937.	5.5%
Penalty Tariff						
25	Unauthorized use	1:6	0.04407	1:6	0.046494	5.5%

The ratio for unauthorised use **Penalty Tariff** will be determined by Council on a yearly basis. The unauthorised Penalty Tariff be retained at the ratio of 1:6 for the council year 2019/2020.



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Rebates on Rates tariffs for 2019/2020

Residential Value Exclusion	First R350 000 of value of all residential property to be excluded from rating
Other rebates :	First R350 000 of value of all residential property to be excluded from rating
Pensioner owners whose gross monthly household income is lower than R9 753 Property value not more than R2.5 million	100%
Pensioner owners whose gross monthly income is higher than R9 753 but lower than R16 716 in a property value not more than R2.5 million	50%
Pensioners owners who are seventy and above irrespective of income in a property valued not more than R2.5 million	100%
High density rebate	5%
Expanded social Package pensioners who live in a property not more than R2.5 million	100%

Residential Value Exclusion	First R350 000 of value of all residential property to be excluded from rating
People who are on Expanded social package who are not pensioners who's property value does not exceed R500 000	100%
Heritage Sites	20%
Organizations with purpose of Animal Protection	100%
Property Owned by Organizations in terms of the Housing Development Schemes For Retired Persons Act	50%
Vacant Land subject to conditions	50%
Private Sports Clubs	40%
Residential Value Exclusion	First R350 000 of value of all residential property to be excluded from rating
People who are on a government grants because of disability whose gross monthly household income which is lower than R9 753. Property value not more than R2.5 million	100%
People who are on pension because of disability whose gross monthly income is higher than R9 753 but lower than R16 716 in a property value not more than R2.5 million	50%

The pensioner and child headed families property rebate principle criteria are:

- Minimum age: 60 years
- Maximum property value: R2.5 million (Market Value per the 2018 Valuation Roll)
- Gross monthly income for 100% rebate is R9 753
- Gross Monthly income for 50% rebate is R9 753 to R16 716
- Pensioners over the age of seventy are exempt if the property value is not more than R2.5 million
- Child headed family 100% rebate (pensioner property threshold will apply)
 - Maximum property value: R2.5 million (Market Value per the 2018 Valuation Roll)
- Pensioners who are on a government grant because of disability (Same principles as pensioners apply)
 - Maximum property value: R2.5 million (Market Value per the 2018 Valuation Roll)
 - Gross monthly income for 100% rebate is R9 753

Child headed families and Military veterans will receive a 100% Rates rebates.

The increase to the income levels for this category of rebates is inflationary related.

Special Cases

Various instances arise where the City is requested to consider relief in respect of the payment of rates. This type of relief will be granted in terms of the rates policy to specified categories of property ownership.

In terms of the Rates Policy, those organisations and pensioners who continue to qualify for a rebate will be recorded on the billing system as a category of ownership. This will ensure that beneficial rating continues to apply to such property owners.

In the case of pensioners who own and live in those properties, the pensioner rebate benefit will be granted for four years or for the duration of the prevailing valuation roll. Pensioners will be required to reconfirm/re-apply, at the end of the four year period or at the end of the duration of the valuation roll, for the continuation of pensioner rebate. Pensioners applying for Expanded Social Package are now required to complete the **Pensioner's Rebate Application Form** in order to qualify for the pensioner rebate. The period of granting the Expanded Social Package pensioners will be same as the ordinary pensioners.

Category of ownership and rebate

Determination of Property Values and earning Levels for Property Owners for rebates are based on Category of Ownership. The Rates Policy allows for residential property owners who are retired to apply for pensioner rebate. The City determines the appropriate cut off levels for the application of such rebates for pensioners annually.

The threshold has increased per month to:

- 100% rebate for pensioner owners whose gross monthly household income is lower than R9 753 and who reside in a property value not more than R2.5 million
- 50% rebate for pensioner owners whose gross monthly income is higher than R9 753 but lower than R16 716, who reside in a property value not more than R2.5 million.
- Pensioners aged 70, irrespective of income who own and who reside in a property not more than R2.5 million will qualify for a 100% rebate.
- Pensioners on a National Security Grant qualify for a 100% rebate.
- The property rebate threshold for persons who qualify for the City's Expanded Social Package remains R500 000.
- Life right pensioners, who live in sectionalised units registered in their names, will be treated as pensioners stated above.



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Life rights pensioners who reside in life rights scheme registered in the name of the Trust or company will continue to receive the 50% rebate on the whole retirement village. Where a pensioner owns more than one property, the rebate is restricted to the property used as the place of primary residence.

Exemptions, Reductions and Rebates

Section 15 (2)(e) of the Act permits a Council to allow rebates to the owners of residential properties with a market value lower than an amount determined by the municipality. The Act provides that the first R15 000 of the value of all residential property be exempt from rating. The Council granted an additional threshold rebate of R335 000 giving the total threshold of R350 000 of market value for residential property. This means the first R350 000 of the value of all residential property is exempted from rating.

Residential high density rebates

The policy of the City is to encourage the improved utilization of land. The development of Sectional Title is an appropriate avenue through which the City's objectives are to achieve densification. The current sectional title rebate has been terminated, and the densification rebate will be applied. The category consists of properties that are developed with a minimum density of 80 dwelling units per hectare, including sectional title units. A rebate of 5% of the current monthly rates will be applied.

Vacant Land where the City is not able to provide infrastructure services

Certain pockets of land may be vacant owing to the City not being in a position to provide infrastructural services within the ensuing financial year. Under such circumstances, a rebate of 50% of the vacant land tariff will be applied.

The granting of this rebate is dependent upon successful application by the property owner concerned and the application has to be supported by the City's technical service departments.

Provision has been made in the estimates for a rebate 50% for property situated outside the urban development zone since development is presently not permitted owing to lack of infrastructure services.

Public service Infrastructure

In line with section 11(1)(b) of the Municipal Property Rates act, the City of Johannesburg will continue to exempt from rates the 30% of the value of the public service infrastructure.



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