

ITEM NUMBER: C 10/04/17

RECOMMENDATION FROM THE EXECUTIVE MAYOR: 18 APRIL 2017

MC 23/04/17 APPLICATION FOR THE DETERMINATION OF A SPECIAL RATING AREA (SRA) KNOWN AS THE BEACONVALE IMPROVEMENT DISTRICT (BID)

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 Beaconvale Improvement District (BID), in terms of the Special Rating Area By-law, 2012, as amended
- (b) the City of Cape Town approve the application submitted by Finitex (Pty) Ltd, the registered owner of Erf 22461, Parow, to establish the BID in terms of Section 8.1(a) of the Special Rating Area By-law, 2012, as amended
- (c) the City of Cape Town impose the levying of an additional rate on non-residential properties in the BID 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 BID Management Committee in terms of Section 12(6) of the Special Rating Area By-law, 2012 as amended.



REPORT TO : Council

DATE : 2017 -04- 18

1. ITEM NUMBER MC 23/04/17

2. SUBJECT

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

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

ISICELO SOKUGQITYWA/SOKUMISELWA KOMMANDLA ONGEERHAFU EZIZODWA (SRA) OBIZWA NGOKUBA SISITHILI SOPHUCULO SASE-BEACONVALE (BID)

H1903:H4841

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 the Beaconvale Industrial Area identified the need to take ownership of their area and assist the City to create a safe, clean and friendly environment to conduct business 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

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provide additional municipal services to improve and upgrade their area as a City 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 comprising of all non-residential properties was submitted to the Steering Committee for verification which was preceded by an arrears profile which indicated an acceptable payment ratio of 98.3% for the period 1 May 2015 to 30 April 2016.

This is in accordance with the SRA Policy as it reflects the trend of the community in paying their municipal accounts. If the payment ration 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 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;
- Urban Management; and
- Social environment.

Business Plan Content:

The outcome of the urban management survey was used as the basis for compiling a draft business plan to address the needs of the area. The Beaconvale Improvement District (BID) Business Plan (1 July 2017 - 30 June 2022) consists of a Motivation Report that defines the need and framework required to provide the top-

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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 also circulated to all relevant Service Departments requesting them to confirm compliance in terms of the IDP. The following Directorates / Departments supported / commented as per annexure B:

- Transport and Urban Development Authority: Integrated Transport Portfolio: Asset Management and Maintenance;
- Social Services: Recreation and Parks;
- Social Services: Social Development and Early Childhood Development: Centralised Operations, Programmes and PMO; and
- Directorate of the Mayor: Enterprise and Investment: Enterprise Development.

No other comments were forthcoming from any of the other 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 Beaconvale at a public meeting held on 10 August 2016 after which the obtaining of support commenced. Notice and minutes of this meeting are attached as annexure C.

Obtaining Support:

As the BID is regarded as a non-residential SRA ito the SRA legislation, majority written support was needed before an application for establishment could be made by the Steering Committee. The Steering Committee obtained support from 167 properties out of 303 (55.12%).

Application:

The Steering Committee submitted an application to establish the BID as per the application letter dated 29 September 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.

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- 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 it was found that 15 consent forms required clarity as the person who signed the consent form was not the authorized signatory to sign on behalf of the juristic person. Notwithstanding this the application remained valid with 152 from 303 (50% plus 1) properties in support of the establishment. The Steering Committee subsequently corrected 11 of the 15 incorrect consent forms to bring the final verified consent to 163 out of the 303 properties (53.80%) supporting the establishment of the BID (refer annexure E).

Advertising of application:

The application was advertised for comments and objections on 14 October 2016 (annexure F) as required by section 7 of the SRA By-law as amended and paragraph 9.5 of the SRA Policy. This notice also informed all property owners of a further public meeting which was held on 5 December 2016. Minutes of this meeting are attached as annexure G.

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

Objections:

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.

A consultation meeting was held with the first objector (representing two properties) and as per the minutes of the meeting the objector indicated that he will wait and see what the impact of the SRA will be. The Steering Committee extended the same invitation to the second objector who did not take up the offer to meet. The following is attached as annexure I:

- objection letters;
- minutes;
- confirmation from the objector that the minute is an accurate record; and
- proof of requests to meet.

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Beaconvale Improvement District (BID)		
Total properties	303	100%
Consent required	152	50% plus 1
Properties supporting on application	167	55,12%
Less Consent Forms referred back to Steering Committee	-15	
Application declared Valid	152	50,17%
Plus Consent Forms Updated by Steering Committee	11	
Final Verified Consent	163	53,80%
Objections	3	0,99%

Decision:

As per the urban management survey and objections it is clear that Beaconvale 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 economic growth and job creation as set out in the proposed BID application.

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

The SRA additional rate will be calculated on the total municipal valuation for non-residential properties within the BID area to enable the City to collect the BID's first year budget of R 3 115 670. 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 Business Plan;
- Section 11 – Establishment Composition, Powers and Duties of Management Body; and
- Section 12 - Finances (this includes the conclusion of a Finance Agreement)

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

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- 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 Beaconvale Improvement District (BID), in terms of the Special Rating Area By-law, 2012 as amended.
- b) The City of Cape Town approves the application submitted by Finitex Pty Ltd, the registered owner of Erf 22461 Parow, to establish the BID in terms of section 8.1(a) of the Special Rating Area By-law, 2012 as amended.
- c) The City of Cape Town impose the levying of an additional rate on non-residential properties in the BID 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 BID Management Committee in terms of section 12(6) of the Special Rating Area By-law, 2012 as amended.

Nie gedelegeer nie: vir besluitneming deur die Raad:

Daar word aanbeveel dat:

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- a) Die Stad Kaapstad ingeolge die Verordening op Spesiale-aanslaggebiede, 2012 soos gewysig, bepaal dat die gebied weergegee in die liggaam van hierdie verslag 'n spesiale-aanslaggebied (SRA) is, bekend as die Beaconvale-verbeteringsdistrik (BID).
- b) Die Stad Kaapstad die aansoek ingedien deur Finitex (Edms.) Bpk., die geregistreerde eienaar van erf 22461 Parow, om die BID te vestig kragtens artikel 8.1(a) van die Verordening op Spesiale-aanslaggebiede, 2012, soos gewysig, goedkeur.
- c) Die Stad Kaapstad die heffing van 'n bykomende tarief op nie-residensiële eiendomme in die BID vanaf 1 Julie 2017 instel ingeolge artikel 22(1)(b) van die Wet op Plaaslike Regering: Munisipale Eiendomsbelasting (MPRA), Wet 6 van 2004 plaas.
- d) 'n Finansiële ooreenkoms tussen die Stad Kaapstad en die BID-bestuurskomitee gesluit word ingeolge artikel 12(6) van die Verordening op Spesiale-aanslaggebiede, 2012, soos gewysig.

Azgunyaziswanga: isiqqibo seseBhunga:

Kundululwe ukuba:

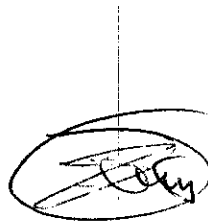
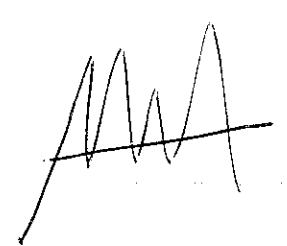
- a) ISixeko saseKapa masiqqibe ngommandla njengoko ubonakaliswe kumbindi wale ngxelo ukuba ubhengezwe njengommandla ongeerhafu ezizodwa (SRA), obizwa ngokuba siSithili soPhuculo sase- Beaconvale West (BID), ngokungqinelana noMthetho kaMasipala ongoMmandla ongeerhafu ezoZodwa wango-2012 njengoko ulungisiwe.
- b) ISixeko saseKapa masiphumeze isicelo esingeniswe ngabe-Finitex Pty Ltd, obhaliswe njengomnini wesiza-22461 Parow, ukuba kumiselwe i-BID, ngokwecandelo-8.1(a) loMthetho kaMasipala ongoMmandla ongeerhafu ezizodwa wango-2012 njengoko ulungisiwe.
- c) ISixeko saseKapa masinyanzelise umrhumo olixabiso elongezelelekileyo kwiiipropati ezingezozakuhlala kwi-BID ukususela ngowo-1 Julayi 2017, ngokungqinelana necandelo-22(1)(b) loMthetho wobuRhulumente boMmandla ongamaXabiso eePropati zikaMasipala (MPRA) ongunomb.6 wangowe-2004.
- d) Makuqukunjelwe iSivumelwano seziMali esiphakathi kweSixeko saseKapa nabeKomiti yoLawulo lwe-BID, ngokungqinelana necandelo-12(6) loMthetho kaMasipala ongoMmandla ongeerhafu ezizodwa wango-2012 njengoko ulungisiwe.

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ANNEXURES

- Annexure A - The Beaconvale Improvement District (BID) Business Plan
- Annexure B - Summary of Directorates supported/comments
- Annexure C - Public Meeting notice and minutes
- 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 and invitations to meet.

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 Jacoby	COMMENT:
DATE	20/03/2017	
SIGNATURE		

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EXECUTIVE DIRECTOR: FINANCE

NAME Kevin Jacoby

COMMENT:

DATE

20/07/2017

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

Ncumisa Willie

COMMENT:

DATE

24 March 2017

SIGNATURE



Certified as legally compliant: ^{NW}
Based on the contents of the report.