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AUGUST | 2021

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- 5 women who led the
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JULY 2021 UNREST AND THE IMPACT ON MUNICIPAL RATES REVENUE

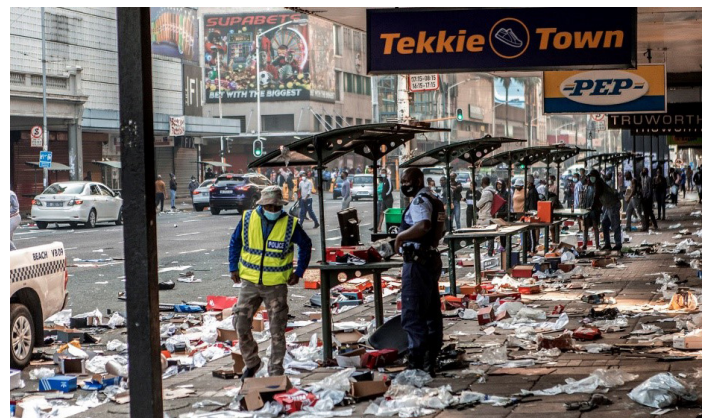
July 2021 will be remembered for its devastating week of looting and riots in KwaZulu-Natal and Gauteng that destroyed lives, businesses, and livelihoods. The rule of law and respect for property and property rights are fundamentally important for our country to function. The material losses will be a burden for our country into the future.

There are legislative provisions in the Local Government: Municipal Property Rates Act, 6 of 2004, (hereafter MPRA), that address the available recourse for municipalities and property owners whose properties were adversely affected during the recent civil unrest. Municipalities are committed to relieve the financial burdens of affected property owners and support the recovery of our local economy.

Professional valuers, supported by other professions from the built environment including engineers, quantity surveyors and architects must collaborate in estimating the material impact of the civil unrest on property. Re-valuing properties damaged by fire and water is an exacting task requiring a team of specialist professionals. The role of the valuers is twofold: to assist property owners and to assist municipalities to quantify the financial assistance they require.



Brookside Mall, PMB | Citizen.co.za



West Street, PMB after looters passed through | Samora Chapman, Daily Maverick

DECREASE IN MARKET VALUE

The amendments to the MPRA promulgated in 2014 provide for 'real time' updating of the valuation roll. Section 78(1)(d): A municipality must, whenever necessary, cause a supplementary valuation to be made in respect of any rateable property. This includes where the market value has substantially increased or decreased for any reason after the last general valuation.

The market value of looted and torched properties has decreased. Supplementary valuations MUST be raised from the date of the incident. The adjusted supplementary valuation must be reflected on the earliest billing following the preparation of the supplementary valuation.

Prolonged re-valuation will incur further financial hardship for those who have already lost their businesses or had their buildings, partially or completely destroyed.

THE IMPACT OF THE UNREST ON MUNICIPAL REVENUE

The market value of examples of affected shopping centres in Msunduzi Municipality, KwaZulu-Natal indicates that commercial/ industrial property market values decreased by up to 85%. This is a significant loss of revenue to the City. The new Brookside Mall has been reduced to buckled girders and rubble. It's market value decreased from +R140 million to a mere estimated R60 million, as vacant land. Equally dramatic is the decrease in market value of the Edendale Mall, this value decreased from +R350 million to a nominal vacant land value.

Msunduzi Municipality must re-value these properties in terms of section 78(1)(d), a substantial decrease in value. The municipality must issue the respective property owners with a section 78 valuation review notice reflecting the adjusted valuation. The supplementary valuation is effective from the date

HOW DO WE QUANTIFY THE IMPACT OF THE UNREST ON OUR ECONOMY?

Media focus has been on the damages incurred in major centres, where the damage figures are biggest, the flames the highest and the smoke the thickest. Don't forget about the smaller municipalities. The smaller centres like Richmond, Bulwer, Wartburg, Eshowe may experience a greater relative impact. Some of these small-town business owners may decide that the risk of rebuilding is too great. In effect, the sustainability of municipalities will be prejudiced not only by a temporary loss of income during but by the permanent loss of their local economies.

A POLICY DILEMMA

The MPRA does not consider leases in the determination of market value for the purposes of municipal rating unless these leases are registered, that is a long-term lease greater than 9 years, 11 months.

CONCLUDING REMARKS

Municipalities must be pro-active in extending resources to assist and support property owners to make applications for supplementary valuations. There is no doubt that the impact of 'our winter of discontent' will be with us for many years. As South Africans we acknowledge that resilience is part of our heritage. It's been tough and the rebuild journey will test us all again.

Written by: Janet Channing | MetGovis MD, Professional valuer

on which the damage occurred. The property owner may request a review of the supplementary valuation and may engage with the municipal valuer to discuss the supplementary valuation. The valuer's decision will be carried in the event of any disagreement. The updated supplementary valuation will be uploaded to the municipal billing system.

A municipality is obliged to publish the supplementary valuation roll for public inspection annually. All property owners whose property records are included in the annual supplementary valuation receive a section 49 notice advising of the updated values and are advised of their recourse to object against any information included or omitted from the supplementary valuation roll. Advisements alerting the public to the published supplementary valuation rolls are placed in the media. The supplementary valuation roll must be published on the municipality's operational website and a notice needs to be placed in the Provincial Gazette. The registered owner, as well as any interested third party, may lodge an objection against the revaluation or any other detail of the property record in the roll. The municipal valuer must review all objections promptly. All objectors, including the registered owner, in the event that he wasn't the objector, will receive a section 53 objection review notice. If the owner/objector is dissatisfied with the outcome of the objection review they may appeal against this review. In this case a valuation appeal board will adjudicate the application and make a determination on the objection review.

The duration of the rates relief requires a flexible approach. Periodic inspections by municipal building- inspectors should note when the property is restored/repared. These developments should be communicated to municipal valuers triggering a further re-valuation.

“Do not judge me by my success, judge me by how many times I fell down and got back up again.” — Nelson Mandela