

Property Owners

Here's everything you need to know about Property Rates

1. What gives the City of Johannesburg the right to levy property rates?

The Municipal Property Rates Act No6 of 2004 (MPRA), as amended, gives the City of Johannesburg the right to levy property rates.

2. What determines the tariff for Rating?

The zoning of the property, defined as land use rights, (what the property can be legally used for as per the applicable Town Planning Scheme) determines the category of property, which in turn specifies property rates tariff rating. For example: a residential property that is used for residential purposes, will in most instances have a zoning of "Residential 1". A business property that is used for business purposes will in most instances have a zoning of "Business 1, 2, 3, etc." depending on the Town Planning Scheme.

3. How does the City levy property Rates?

- The process for the levying of property rates starts with the valuation process. The valuation department begins the process by compiling a general valuation roll, which consists of property information of all rateable properties, inclusive of the market value and category.
- The Valuation department is responsible for the determination of property values, which are used as the City's rates base by the Rates & Taxes department to calculate rates.
- A general valuation roll is produced every four years but can be extended to 5 years with approval from the MEC Local Government as stipulated within the MPRA. In the case of the City of Johannesburg, the MEC for local Government granted the City a 12-month extension. The current City's valuation roll was implemented with effect from 1 July 2018. The next general Valuation roll will be implemented on 1 July 2023.

The valuation department allocates different categories to properties based on the permitted use of properties. The table below depicts the categories for the current financial year:

The categories are as follows:

Agricultural business	0.020550
Agricultural other	0.008220
Agricultural residential	0.008220
Business and commercial	0.020550
Education	0.002055
Farming	0.002055
Mining land	0.020550
Multipurpose	XXX
Municipal property	0
Private open	0.002055
Public open space	0.002055
PSI	0
PSI privately owned	0.002055
Religious	0
R E of a township	0.020550
Residential	0.008220
Residential Consent use	0.016440
Sectional Title Business	0.020550
Sectional Title other	0.008220
Sectional Title residential	0.008220
State	0.012330
Vacant Land	0.032881
Category of ownership	
Public benefit organisation	0.002055
Penalty Tariff	
Unauthorised use	0.049321

****Multipurpose properties will be rated according the multiple purposes as defined in the Act. This can be defined as properties that have multiple categories; however, all the categories will be billed on the same stand and account.***

4. What is the date of valuation and why is it important?

- Following the compilation of the valuation roll, the City allocates a date of valuation, which is 1 July 2017, and the date of implementation is 1 July 2018, for the current valuation roll. This indicates that the market value for properties will be determined as at 1 July 2017, but the effective date will be from 1 July 2018 (when you start paying rates on the Valuation Roll 2018 market value). The Date of Valuation for the Next General Valuation Roll will be 1 July 2022.
- The date of the current general valuation for the City of Johannesburg is 1st July 2017. This means that all property values were determined as that date.

5. What is “the” effective date of the implementation?

Following the establishment of the market value, the City then establishes the effective date of implementation, which is the date of the implementation of the General Valuation Roll. This usually coincides with the date of the new financial year of the municipality. This means that a person may be levied rates according to the new general valuation roll from the effective date.

6. What is the basis of valuation used by the City?

The Property Unit allocates a market value of the property, which is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer. The market value of the property is determined by a professional valuer or professional associated valuer who must be a person, who is registered in terms of the Property Valuers Profession Act 2000 (Act No 47 of 2000).

In determining the market value of property certain aspects are disregarded for the purposes of valuing the property. These include:

- The value of any annual crops or growing timber on the property that have not yet been harvested as at the date of valuation.
- The value of any building or other immovable structure under the surface of the property, which is the subject matter of any mining authorisation or mining right, defined in the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002).

7. Do City valuers visit properties physically when valuing properties?

- In terms of Section 45 of the MPRA, the physical inspection of properties to be valued is optional and other valuation techniques may be used such as:
 1. Aerial photography.
 2. Computer assisted mass appraisal systems or techniques; and
 3. Property banding
- As this is a mass valuation, the Municipal Valuer uses a computer aided mass appraisal (CAMA) system to determine the values of all properties. This is based on statistical analysis and geographical information systems (GIS), and therefore requires reliable and accurate data, as per the MPRA.
- For residential property, obtaining access to all properties is not possible, and as such, the Municipal Valuer makes use of advanced technology that allows the collection of data. This includes the use of building plans and Pictometry, which is state of the art 3D aerial photography that allows the valuers to see the properties from all angles and be able to measure the extents and heights of the buildings, as well as other information relating to quality, condition, and other improvements. This is augmented using street level video footage which is collected by driving down each street and recording the street frontages. This method is acceptable in terms of the MPRA and endorsed by the International Association of Assessing Officers (IAAO), the international body that sets standards to mass appraisal.

- However, in cases where the aerial photography and other imagery is not useable, usually in the case where properties have a lot of foliage, or high security walls, then physical inspection of the site is undertaken. The data collection process is independently reviewed for quality assurance purposes to ensure the data collectors are consistent in their approach and that the data they record is correct for the subject property.
- For non-residential properties, field visits are undertaken to obtain data such as the property use, rentals and financial records of businesses.

8. How does the City establish the property market value?

- In order to establish your property value, area sales are analysed. These sales provide the basis for the valuations. There are several types of property categories in the municipality as mentioned above – residential, sectional title, non- residential and agriculture. Each property is valued by using the Applicable Valuation Methodology for the type of property, to determine the market value. For example, a residential property (including sectional titles) is valued on a Comparable sales method. Most commercial property (including retail, offices, warehousing) are valued on an income basis (Income Capitalisation Method), whilst institutional properties such as schools, hospitals and clinics are valued on a cost basis (Depreciated Cost method). When valuing the properties, the Municipal Valuer establishes the market conditions, **as at the date of valuation** and this is based on recent sales and relevant market information and activity in the various areas. Therefore, this will take into consideration areas where values have declined, increased or remained stagnant due to the current state of the economy.

9. What happens to properties that are built after the compilation of the general valuation roll?

The City is compelled by legislation to reflect all changes on properties in a Supplementary Valuation Roll.

10. What is a supplementary valuation roll?

- A Supplementary Valuation roll is compiled to update the "Main" Valuation Roll. The aim of it is to correct errors, omissions, subdivisions, consolidations, rezoning, township developments, building alterations, the construction of new buildings and any other exceptional reason that may change or affect the value of a property, subsequent to the compilation and publication of the "Main" Valuation Roll.
- Supplementary valuations are performed during each financial year, considering market conditions that applied as at the date of the valuation.

11. I believe my value as reflected in the general (or supplementary) valuation is incorrect. What can I do?

- The legislation makes ample provision for any person to object to an entry in a valuation roll provided that such objection takes place in the prescribed manner and within the prescribed objection period.
- In this valuation period, (GV 2018-2022) it is essential to note that the objection period is closed. Unfortunately, objections will not be accepted after the close of the official objection period. A property owner can now lodge a query by completing a Section 78 form, to have the property investigated.
- If the client is not happy with the outcome of the Section 78 query outcome, she/he has a right to request for a Section 78 Review if a Supplementary Valuation was done.
- If the property owner is not happy with the outcome of the Section 78 Review, he/she may lodge an objection to the relevant Supplementary Valuation roll, during the official Objection period.

12. I am still waiting for the appeal board, why is it taking so long?

The appeal board is an independent body appointed by the MEC for local government under Section 56 of the Municipal Property Rates Act 6 of 2004 as amended. The valuation appeal board will consist of a chairperson with legal qualifications and sufficient experience in the administration of justice. The remaining members will be made up of not fewer than two and not more than four other members with sufficient knowledge of, or experience in, the valuation of property. At least one must be a professional valuer registered in terms of the Property Valuers Profession Act 47 of 2000.

The appeal board received 8,574 appeals for the general valuation roll 2018 (GV2018-2022). Initially, there was one appeal board, however, due to the volume of appeals, an additional two appeal boards were appointed for the City of Joburg municipality. There are now three appeal boards in place to handle the appeals for COJ.

The client is sent a letter 21 days before the hearing to notify them about the date, time and venue of his/her appeal board hearing. When a client receives the invitation for the scheduled hearing, they should prepare supporting evidence to state their case. Due to the covid19 pandemic, the hearings are no longer held in person. Since March 2021, the appeal board commenced with online hearings using Microsoft teams. The Board is committed to consider these appeals and at the same time give each case the necessary consideration to ensure that the property valuations are fair and equitable.

Clients are requested to be patient and allow this process time to take place as it can continue for the duration of a valuation roll (4 years), and sometimes even longer. The appeal is the final part of the objection process and the decision made here supersedes any previous valuation outcomes for that general valuation roll.

13. Can I object to property rates payment?

A property owner cannot object to the property rates. Dissatisfaction with the amount of rates does not constitute an objection.

14. Why does the municipal market value differ from the estate agents' value?

The date of valuation refers to the date at which property values are determined and is fixed for the purpose of the General Valuation Roll (1st July 2017). Estate agents determine the value of a property as at today's market which might differ significantly from the market of July 2017.

15. How does the City calculate Rates and Taxes?

Following determination of the market value, Rates and Taxes Department calculate Rates and Taxes.

Residential Calculation

Step one:

(Market value-R350000 (threshold)) x (rate in the rand)
=Annual rates

Step two

Annual rates/12=Monthly rates

Example

Residential market value R500 000

= 500 000- 350 000 (property threshold) =R150 000 X 0.008220

Annual property Rates= R1233

Monthly property rates = R102.75

The City will not levy rate on R350 000.00 of the market value of a residential property. The rebate is called the threshold rebate. The value above R350 001 will be rated at the ratio of 1:1. All other property categories do not get the threshold rebate. Residential properties with market value below R350 000 are exempted from rating because of the R350 000 that is not rateable.

16. I am a property owner, but I am billed on a business tariff?

If you are a property owner including sectional title owner, billed on a business tariff, you can apply to the City's Rates and Taxes Department or at the customer service centres to be charged at residential rates, provided that the property in question is exclusively used for residential purposes. The owners must apply in writing by completing a standard application form.

17. Categories and conditions of owners for purpose of exemption, reductions, and rebates for residential category of properties.

The City of Johannesburg may, in terms of the of the criteria set out in this Policy exempt a specific category of owners of properties or owners of a specific category of property, 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 on or a reduction in the rates payable in respect of their properties, as determined in this policy.

All exemption, reduction and rebates must be done on a prescribed application form at the Property Branch.

18. I am a pensioner; can I apply for pensioner rebates?

This is not an automatic rebate; property owners need to apply. The City is sensitive to the needs of its senior citizens. Registered property owners who are pensioners may apply for a reduction of rates, subject to certain criteria. Pensioner's rebate application forms are available from any municipal Customer Service Centre.

There are two categories of pensioner rebate:

i. Pensioner rebate 60 - 69 Years Old

There are 3 categories of pensioners defined in this category:

- Pensioners dependent on a national security grant – 100 percent rebate (subject to criteria);
- Pensioners whose gross monthly earnings are less than R10 545 a month – 100 percent rebate (subject to criteria);
- Pensioners whose gross monthly earnings are higher than R10 545 but less than R18073 a month – 50 percent rebate (subject to criteria below).

Pensioner criteria:

- You are the owner of the property in respect of which the rates are charged.
- You live on the property.
- You must be at least 60 years old.
- The total value of the property as per the General Valuation Roll, that is, the land plus the improvements, may not exceed R2.5 million.

Documentation required:

- Identity document.
- Proof of income for the previous tax year (SARS assessment); and
- Proof of current income.

ii. Pensioner rebate: 70-year-old and above

The City will provide 100% rebate to pensioners age 70 and above, irrespective of income, on condition that the maximum value of the property, does not exceed R2.5 million.

Pensioner criteria:

- You are the owner of the property in respect of which the rates are charged.
- You live on the property
- You must be at least 70 years old.

Document required:

- A Certified copy of Identity Document

Application forms can be obtained from:

- The City's website (www.joburg.org.za), or.
- At your nearest Customer Service Centre, or
- Email RatesComments@joburg.org.za

18. I own a Public benefit Organisation, how do I qualify for rates rebate?

A public benefit organisation (PBO) is a non-profit company (as set out in schedule 1 of the Companies Act) that has been established in South Africa. The PBO should exclusively carry out public benefit activities in a non-profit manner. To be considered for a rates rebate, the organisation should be a PBO that qualifies for a tax exemption as contemplated by part 1 of the ninth schedule of the Income Tax Act. A PBO is required to provide a specified public benefit service as set out in terms of Section 30 of the Income Tax Act. The property must be registered in the name of the non-profit organisation. Property in this category will be rated at a quarter of the residential tariff as per the prevailing nationally promulgated rates ratio based on usage and:

- (i) The Public Benefit Organisation is required to apply to the Social Development department of the City to be recognised as a (PBO) for rates rebate purpose. The application can be done at:
118 Jorissen street, Braamfontein, Jhb
14th floor, Traduna House, Social benefits unit.

Once the application has been submitted to social development with all the relevant documents, the delegated officials will do the assessment. The assessment that will be done will be to verify that the PBO that has applied for recognition is a registered PBO as required by the legislation governing the establishment of NPO's. The delegated official will also verify that the applicant is registered as the PBO with SARS as per the Income tax Act. The completed assessment will determine whether the applicant may be recommended or not to be rated as a PBO. If recommended, social development will then send the Property Branch a memo that the PBO be effective from the date of application.

- (ii) Once the Property Branch has received the recommendation memo, the following information will be required from the applicant: three year audited financial statements or three year signed financial statements.
- (iii) The applicant (PBO) can submit the required financial information to:
Hand deliver to:
Property branch - Rates & taxes
11th floor, Jorissen place
66 Jorissen street
Braamfontein

OR

send via email to:
ratescomments@joburg.org.za

Property Branch will assess the affordability to pay rates using the affordability model. Once the Director: Finance has completed the affordability exercise, the results of the assessment will be forwarded to the Group Head with a recommendation to approve or decline the application. The recommendation will be based on the results of the assessment. The approved application for rating as a Public Benefit Organisation (PBO) will be flagged in the SAP system effective from the date of application.

19. My neighbour is using his property illegally, what can I do to report illegal usage?

City of Johannesburg Land Use Management is the system of legal requirements and regulations that apply to land in order to achieve desirable and harmonious development of the built environment. These regulations are determined by the zoning of the property. Property zoning is set out in the applicable Town Planning Scheme, which determines such aspects as possible land use, floor area, coverage, building lines, parking provisions etc.

To assist the Development Planning Department to enforce the building regulations and Planning bylaw Rates Policy has included the unauthorised use tariff to assist in stopping the contravention. As per the Rates Policy all properties that are used contrary to their zoning will be charged a penalty tariff. Development Planning (Law Enforcement) issues compliance notices to property owners who are in contravention of the By-law. Where the property owner does not comply within 30 days, Law Enforcement will issue a letter to Property Branch to flag the account to charge a penalty tariff, while other legal processes are initiated through the legal department.

This penalty tariff is charged on all properties that are used for a purpose (Land use) not permitted by the zoning thereof in terms of any applicable Town Planning Scheme or Land Use Scheme; abandoned properties and properties used in contravention of any of the Council's By-laws and regulations, which include the National Building

Regulations and Building Standards Act, 103 of 1977, and any Regulations made in terms thereof.

This penalty tariff also covers illegal advertising as regulated by the City of Johannesburg advertising bylaw. The rate applicable to this category is six times the residential tariff stipulated above as determined by the City on an annual basis. The City reserves the right to increase this penalty tariff higher than other tariffs.

Illegal usage can be reported to:

- Building development directorate offices:
158 Civic Boulevard,
6th floor, A-block,
Braamfontein
Jhb
- Your local customer service centre in the region
- Building law enforcement administrator: Mrendeni Liebabam,
liebam@joburg.org.za, 011 407 6932
- Land use development management directorate: Planning law enforcement unit
- Illegal land uses: Roweena Chetty, rowenac@joburg.org.za

Customers may contact the Councillor in their ward by sending a written e-mail to track correspondence, or planning control (town planning department), or ward governance department or by-laws division too.