

FREQUENTLY ASKED QUESTIONS

WHAT IS A SRA?

A Special Rating Area is a specifically defined area which is sanctioned by the municipality and where ratepayers give approval to raise levies to fund additional services to improve the quality of life in that area.

WHAT ARE THE BENEFITS?

Individual property owners can enjoy the benefits of a well-managed area that is safer and cleaner. Property values are maintained and the initial capital investment of property owners can be preserved, through the additional top-up services of the UIP.

WILL MY INTERESTS BE SECURED?

A Memorandum of Agreement (section 67 of the Municipal Finance Management Act 2003) is put in place by the eThekweni Municipality, which together with the Rates Policy sets out specific rules and regulations pertaining to the management of these areas. This is done through a Section 21, not for profit company managed by a Board of Directors, elected by its members and operated by a management team.

HOW IS THIS SRA ESTABLISHED?

There are various steps that need to be taken:

1. It normally starts with a champion in a community wanting to upgrade their environment.
2. The area of the intended SRA must be defined.
3. A budget and proposal which clearly identifies the services to be offered needs to be prepared and presented to the community.
4. For commercial properties a 51% support must be obtained and residential areas need a 66% support.
5. Once completed, the business plan and implementation plan must be submitted to the municipality, together with the 'signed support for establishment forms'.
6. All documents must then be lodged with the city and a public meeting is advertised and called for by the municipality to review any objections.
7. Once approved, a Board is elected and a Section 21 company is set up. All necessary accounts have to be in place before the municipality will invoice the property owners and pay over the levies.

HOW IS THE SRA FINANCED?

Once the necessary percentage approval has been obtained, 100% of all ratepayers in the SRA contribute by way of a levy to the functioning of the desired SRA.

The ratepayer's contribution will depend on the market value of his property as a percentage of the total SRA's market value applied as a percentage to the budget. The Municipality is not involved with the daily operations of the SRA, but oversees the operation by means of various monthly reporting requirements. A rates factor allows for a differentiation in levies for the different types of properties, such as residential, commercial, or industrial. By 31 December each year, the UIP Company has to enter into a Finance Agreement with Council.

HOW IS THE UIP FUNDED?

The UIP is funded by you, the ratepayer. If your property falls within an approved UIP precinct, you contribute SRA rates, which are a monthly charge the municipality collects with your rates, water and lights bill, and pays over to the UIP for services rendered.

HOW ARE SRA ARREARS RESOLVED?

The Municipality provides the UIP Company with monthly schedules of individual SRA rates contributions which can be measured against anticipated collections. The reason for the arrears is established with the assistance of the Treasury and defaulters are subjected to the municipality's credit control and debt collection policies. Water and electricity services will however be the first to be affected.

CAN COUNCIL REFUSE TO ESTABLISH A SRA?

The final decision rests with Council once various procedures have been followed and a public meeting held.

CAN THE ADDITIONAL RATES BE RETAINED BY COUNCIL?

Council invoices and collects the assessed rates on a monthly basis and is obliged to pay over these amounts to the UIP Company the following month.

WHAT WILL BEING PART OF THE SRA COST?

A budget reflecting the required services and the number of ratepayers making up the potential SRA will determine the cost for each member.

IS IT A WORTHWHILE PROPOSITION?

It will depend upon the reasons for wanting to establish a SRA as well as the budget and number of contributors. However:

- With emphasis initially focused on crime and grime the lifestyle of the member will improve.
- As the UIP provides a top up service over and above the existing services provided by the municipality, improvements across the spectrum will be seen.
- Close liaison with the various municipal departments ensures snags and areas of decay are immediately attended to.
- Property values should increase or remain unchanged

WHAT IF THIS INITIATIVE FAILS?

By obtaining a 51% majority vote, from all the ratepayers in a SRA council can be approached to consider dissolving a Special Rating Area.

WHAT TYPE OF ACTIVITIES WOULD A UIP COMPANY GET INVOLVED WITH?

These may take a variety of different forms some of which may comprise:

- Increased security in the surrounds.
- Cleaner streets and pavements.
- Ensuring maintenance and improvement of infrastructure.
- Improved lighting, pavements, and roads.

WHO MANAGERS THE SRA

The Urban Improvements Precincts (RF) NPC is a Section 21 Company managed by a board of directors and a general manager. Members are encouraged to get involved by attending UIP meetings, and liaising with the office.