How levies are calculated

23 August 2024

Dear Members,

As with municipal rates, the Association's levies are calculated against property values. Municipalities are required to conduct a General Valuation (GV) every four years. Swartland Municipality conducted a GV in 2023. Property values have risen since the previous GV of 2019. Properties that changed hands since are now reflected on the valuation roll at their market value. The municipality offers property owners the opportunity to object to their property values, and some homeowners did so and values were adjusted.

Because property values have increased, so have the Association's levies. When applying the new property values, the Committee took the opportunity to bring our levy calculations in line with the system the municipality uses. This system is known as the 'rate-in-the-rand' (or 'cents-in-the-rand') rates schedule. The rates increases based on the 2023 municipal valuations came into effect from 1 July 2024.

For practical purposes, there are two rates that apply to Ongegund homeowners' properties: the rate for residential properties and the slightly higher rate for undeveloped properties. These are:

Category of property	**Rate ratio**	**Rate-in-the-Rand**
Residential properties	1: 1	0.005360
Vacant properties	1: 1,4966 (not applied by the Association)	0.008022
Public service infrastructure	1: 0,25	0.001340
Municipal properties	1: 0	0.00

This system has an important aspect: it is 'fair and equitable', as is required by the Constitution. The principle is that every property owner is treated in the same way. The equitable rate is municipal best practice, which the Association has implemented. It is also easy to understand.

The Association had been using a 'variable factor' system, where each property was valued relative to the sum of all Ongegund property values. In effect, each property had a unique 'factor' that was used as a basis for calculating the levy for that property. There was nothing wrong with this system, but it was complicated, and some anomalies had crept in over time. It also meant that vacant erven were very undervalued, relative to both their market value and to the national rates policy.

There were other factors that influenced those calculations, namely the nominal values previously assigned to municipal and Association properties such as public open spaces (POS). You will see in the table above that these are now zero-rated. These properties no longer skew our levy calculations.

This levy calculation adjustment is a one-off. The Association has regularised the property values as per the valuation roll, and applied the relevant 'rate-in-the-rand'. This has meant a decrease for some and increase in the rate for some historically undervalued vacant erven. From now on everyone is being treated equitably, through a simple, transparent system that is in line with municipal best practice.