

Sapoa questions increased municipal rates

The South African Property Owners Association (Sapoa) questioned the legality of increased municipal rates charged to its members, saying random rate increases were not based on logic reasoning and were highly irregular.

By [Alistair Anderson](#) 21 Nov 2013



Sapoa's Estienne de Klerk is questioning the rates calculations done by municipalities. Image: [Sapoa Convention](#)

Sapoa represents about 1,200 companies and organisations in SA that own commercial property. Its members control about 90% of all commercial, retail, office and industrial properties in SA, valued at about R300bn.

Sapoa president Estienne de Klerk said research showed Sapoa members had seen rates rise on average 23% for the year. Property owners say that over the past five years the total rate hikes were between 43% and 500%.

"Not only is this unsustainable, but property owners pass these increases through to tenants, which has a material impact on the health of businesses in the economy," De Klerk said.

"Furthermore, property owners are providing various undelivered municipal services for themselves and their tenants via City Improvement Districts, at extra expense to the sector. The ongoing rates increases for commercial properties simply make no sense," De Klerk said.

No legal action yet

He said that Sapoa did not intend to take legal action. The group wanted to discuss the issues with municipalities and established how to create a fair rate-setting policy before resorting to legal action.

Sapoa planned to consult municipalities on their basis for levying rates. It wanted to gain an insight into each municipality's commercial property valuations, their rates ratio levels, budget approval processes and confirm that rates are being reset annually.

He said Sapoa would send letters to municipalities, mayors and heads of rates and valuations requesting this information.

"Sapoa is committed to ensuring rates are being levied from a correct base, and not being overcharged. We believe this is essential to create an enabling environment for business and the commercial property sector."

in SA, and to help ensure the sustainability of our economy," De Klerk said, adding that Sapoa had the support of various business organisations including the South African Chamber of Commerce and Industry (Sacci).

Sacci's chief executive Neren Rau said the organisation had met with local government on a case-by-case basis. "Many of our members have complained about random rate increases. We have spoken to various government departments about it. We are glad that Sapoa is taking it forward on a mass municipal level," Rau said.

Source: Business Day via I-Net Bridge

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