

We've taken the most frequently asked questions regarding a CID (SRA) and listed them below for your convenience. Keep an eye out for any additions which will be added to the bottom of the list. Revisions to earlier FAQs will also be highlighted in the amended section below.

#### 1. What is a CID?

A Special Rating Area (SRA), also known as a Community/City Improvement District (CID), refers to a clearly defined geographical area, in which property owners contribute additional rates to fund 'top up' services for that specific area as per the approved Business Plan.

#### 2. Why establish a CID?

According to the SA Constitution (Sections 152 & 153), the objective of a local authority is to provide all its residents with certain basic services such as water, electricity, sanitation and refuse removal, etc – up to an equitable standard. For communities who wish to enjoy municipal services of a higher level, a CID provides them with the option of paying for these additional services, which should be affordable and sustainable.

#### 3. How does one establish a CID?

A CID is always initiated by a community, and not by the City.

It usually starts with 'champions' within a community

who feel the necessity to improve the environment within a defined area. They then compile a five-year business plan (including the motivation report, the implementation plan and a budget) indicating how the improvements are to be achieved, and present this to the community at a public meeting. Thereafter property owners are lobbied for their support where a majority (more than 50% in an area classified as commercial and more than 60% for an area classified as residential) has to give written consent to the formation of a CID.

Once this has been obtained, the steering group has to submit an application to the City. The application is then advertised in the media and property owners are also notified to allow them at least 60 days to render any comments or objections. The City then considers the application with the objections at a full sitting of Council.

After the City has approved the application, a NPC (Non Profit Company) is set up and a board is elected. The NPC has to register for VAT, open a bank account and be registered as a vendor with the City, etc. This must all be in place before the City makes any payment to the CID.

4. What are the benefits for CID members?

By pooling their resources in a CID, individual property owners can enjoy the collective benefits of a well managed area, a shared sense of communal pride, safety and social responsibility, and access to joint initiatives such as waste recycling, energy-efficiency programs, etc.

5. Is the payment of the additional rates mandatory for all properties within the CID?

Yes. Once the City has approved a CID, the participation of all property owners liable to pay the CID additional rates, within the boundaries of the CID, is mandatory. However, there are exceptions in terms of relief.

6. Who can be exempted from paying the CID additional rates?

The following categories of owners / properties will be 100% exempted as per the CID (SRA) Policy:

- Indigent, Senior Citizens and Disabled Persons who meet the criteria for rates relief
- Properties registered in the name of and used primarily as a place of worship
- Council owned properties used predominantly for official municipal business
- Other properties who qualify for rates relief/exemption as per the City's Rates Policy.

7. Who monitors the finances?

A CID is governed by the Companies Act (71 of 2008) and manages its own finances and appoints its own auditors. The audited financial statements form part of the City's consolidated accounts, which are reviewed by the Auditor-General. In addition, monthly financial reports are submitted to the City to monitor and to ensure that expenditure is incurred according to the budget. All CIDs have to submit the Chairman`s report and AFS (Audited Financial Statements) to the relevant Subcouncil, within two months of their AGM, for noting.

8. How are the CID additional rates collected?

The City collects the additional rates on behalf of the CID. It does not go to the City, although they share an invoice to save on collection costs. The additional rate appears as a separate item (improvement district) on the monthly municipal account of each property owner liable to pay the CID additional rates within the SEBCID.

9. How do members have a say in the CID?

Every property owner within the CID should apply in writing to the CID Board for membership of the NPC. Only then are they able to participate in CID affairs.

10. What if the valuation base changes within a financial year?

The valuation base is a snapshot at a point in time (end February) and is used to calculate the additional rate

(Rand-in-the-rand) for the following financial year. However, municipal valuations can change within a financial year due to interim valuations, Valuation Court rulings, sub-divisions, rezoning or other technical adjustments. Should the valuation base decrease or increase substantially, the City must inform the CID in order to recalculate the CID's additional rate.

11. Updated July 2019: What will I be paying in increased rates once the CID has been established?

Should the CID be established, in the financial year commencing 1 July 2020, the additional CID rates for residential properties will be equivalent to R90 per R1m of property value per month (including VAT). In subsequent years, the amount per million of property value will be recalculated based on the projected increase in CID budget (7.5% per annum) and possible changes in the City's valuation of individual properties. Rates differ for non-residential properties – please refer to slide 30 of the presentation slides from the public meeting of 14<sup>th</sup> May on our website [www.sebcidhoutbay](http://www.sebcidhoutbay) for more information.

12. I can't afford to pay more than I already do in rates.

For those who meet the criteria set by CCT, rates relief is available.

13. I look after my own security in my own home; I don't want to contribute for the rest of the area.

Security in our own homes will remain our own responsibility, whether a CID is established or not. In terms of the public spaces that surround our homes, it is a reality we must face that the macro outlook is such that it is hard to envisage crime levels reducing and/or police resourcing increasing. Hence the need for property owners to start bearing some of the responsibility for putting in place the measures needed to ensure Scott Estate & Baviaanskloof remain the attractive, desirable residential areas they are today. With all of our closest neighbours establishing CIDs, if we don't follow suit, we run the risk that Scott Estate & Baviaanskloof become relatively less attractive within Hout Bay. Furthermore if we become a non-CID island within the village, there is a reasonable chance that our crime rate will rise disproportionately.

14. The city should be paying for this, not the residents.

It is simply a fact that the amount the city collects in rates is not sufficient to deliver the level of service we all want and need today, predominantly because such a large proportion of rates collected in relatively affluent areas like ours, cross subsidise less well off areas.

15. My only concern is security; I won't pay for anything else.

It is a proven fact that ensuring an area or building is kept clean and well maintained is key in deterring crime. This is the notion of tackling crime AND grime. As responsible citizens we must also contribute to society with some proportion of our budget being dedicated to social welfare in our community.

16. How much is the committee getting paid?

Absolutely zero.

17. What happens if people refuse to pay?

Those who do not pay will be deemed in default by the City with respect to their entire rates account. The committee believes that the current exceptionally high level of rates adherence within the community, makes this an unlikely eventuality.

18. Who is responsible for delivering the service?

The elected board of the NPC will be responsible for delivering the service in accordance with the business plan and budget. Service providers will be appointed after a competitive tender process. The City of Cape Town does not appoint any service providers or allocate any expenditure of CID funds. The Scott Estate & Baviaanskloof CID budget is ring-fenced to spent only in our area and managed by the board of our NPC who will be elected by us the property owners.

19. I already pay my own armed response, plus HBNW, plus Watchcon, plus CCP, why should I pay more?

A CID will deliver an area-wide coordinated security programme which will contract to a professional security firm & may also make contributions to Watchcon, HBNW and CCP as deemed necessary - negating the need for individual households to contribute unless they choose to.

20. How will the budget be drawn up?

The steering committee will take the feedback the community provides via the survey and this public meeting to draw up a list of needs and wants. A business plan to achieve those aims will then be constructed and costed accordingly.

**Update July 2019:** The budget has been drawn up and presented to the community at the Public Meeting held at Kronendal Primary School on 14 May 2019. It is included on this website under Important Documents.

21. How much does the City keep of the additional rates?

3% of the additional rates collected is withheld by CCT for bad debts. It is ring fenced and is typically returned at the end of the fiscal year, although the city reserves the right not to do so based on the CID's arrears profile.

21. The establishing of a CID has been tried in the past but failed; why should it be any different now?



A proposal was made several years ago; sadly since then crime & grime has increased materially making the need for a CID much greater today. The advent of technology has also made it much easier to bring the community together to discuss.

22. Who elected the steering committee?

The committee members are all concerned residents who volunteered their services and are not being remunerated. Should a CID be formalized, an NPC will be established to implement the business plan and the board of this NPC will be elected by property owners.

23. We already have cameras in our street; why should we pay more for the rest of the area?

A CID will deliver an area-wide coordinated security programme. Streets which already have cameras can be integrated to the network and enjoy the benefits of the monitoring and alert service. Being part of the area programme would also offer cost savings in terms of maintenance and cameras upgrades; bearing in mind camera technology is evolving every day.

24. Who will be exempt from paying?

All ratepayers within the area will be obliged to contribute. For those who meet the criteria set by CCT, rates relief is available. If you already qualify for rates

relief, you will automatically be exempt for the additional rates.

25. Once the NPC is in place, how are decisions taken?

The NPC's business plan will cover the full 5 year term. However, it must be reviewed each year in discussion with CCT and may need to be revised to take into account changing needs of the community. Where changes are necessary these will be voted on by the members of the NPC who have 1 vote per R5m or part thereof, of rateable value in their property; up to a maximum of 10 votes.

27. Can we decide what we want to do with CID budget in our street/area or is it decided for the area as a whole?

The CID business plan will take into account the needs of specific streets or sections of the area and where necessary budget can be allocated accordingly but only if approved as part of the overall business plan

28. How long is all this going to take?

The committee is committed to moving forward without delay but also achieving the most for the community without unnecessary additional expense. It is critical that the appropriate time is taken to devise a comprehensive, cost effective business plan and budget. At the latest, the committee would hope to

have the CID in place by 1 July 2020.

**Update July 2019:** The Budget and Business Plan have both been developed and can be found on this website under “Important Documents”. Voting for the CID by homeowners is currently underway and all votes should be submitted by August 31<sup>st</sup>, 2019.

29. What happens in the meantime?

The committee will be working on coordinating feedback from the community on its wants and needs, and devising the resulting business plan and budget. In the meantime the status quo will be maintained. If the community feels certain aspects of the plan should be implemented sooner, eg enhanced security measures, donations can be made to the dedicated SEB account at HBNW and the committee can propose deploying said funds with the agreement of the community.

30. When and how will the vote happen?

Ratepayers will vote once the business plan and budget have been approved by CCT and presented to the community. While the committee is keen to progress without delay, it is also committed to devising a plan and budget that reflects the community survey recently completed, is inclusive, effective and cost efficient, and will take whatever time is necessary to achieve this.

**Update July 2019:** The Budget and Business Plan have both been developed and can be found on this website under “Important Documents”. Voting for the CID by homeowners is currently underway and we are requesting that all votes be submitted by August 31<sup>st</sup>, 2019 to allow sufficient time for ratification before the formal deadline of September 30<sup>th</sup> 2019.