

Municipal Manager
Buffalo City Metropolitan Municipality

30 March 2026

By email

Sir

COMMENTS: 2026/27 DRAFT RATES POLICY

SAPOA represents approximately 1,300 companies and organisations (amongst which include the following: ABSA, Nedbank, Investec Property Group, Old Mutual Properties, Liberty Properties, Eskom, Transnet, East London IDZ, Growthpoint Properties, the V&A Waterfront Company, ACSA, Eris Property Group, Encha Properties, Zenprop, Redefine Properties, Resilient REIT).

SAPOA members own and control about 90% of all commercial, retail, office and industrial properties in SA to the value of over R500bn and constitute some of the largest ratepayers in South Africa.

We have the pleasure of submitting comments on the 2026/27 draft policy.

1 Clause 7: Definitions

2.1 “Act”

“Act” must be replaced with “MPRA”.

Please ensure that the alphabetical order is maintained.

2.2 “Business and commercial”

2.2.1 The inclusion of properties that are used for the trading and hunting of game in the definition will have a devastating effect on the financial viability of these properties. The monthly rates on a farm where game is hunted will increase by a factor of 10 or 1 000%. It will wipe out game farms.

SOUTH AFRICAN PROPERTY OWNERS ASSOCIATION NPC t/a SAPOA – REG NO 1966/008959/08

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The rating of these farms should not be different from a farm that is used for the grazing of livestock. It should be noted that the unit value of a game farm is typically higher than that of a farm used for livestock grazing, and higher rates are collected from game farms.

The explicit exclusion of these properties from the definition of agricultural properties does not mean that they must be included in the “Business and commercial” category.

The alternative is to create a separate category for game farms with a ratio slightly higher than the prescribed ratio for agricultural properties.

2.2.2 There is no rationale to include hostels, flats, communes and old age homes in the ‘Business and commercial’ category.

Hostels typically provide inexpensive lodging for a specific group, such as students or workers.

A commune is a group of people living together and sharing possessions and responsibilities.

Flats are a suite of rooms forming one dwelling within a larger building containing several such dwellings.

Old age homes, also referred to as retirement homes or old people’s homes, are multi-dwelling facilities intended for the elderly. Old age homes that are not owned by a Public Benefit Organisation will not qualify for the 100% rebate (refer to clause 9.3.3)

All of the above are used for human habitation, and it is, in principle, not different from the building for human habitation on an erf in a township. These properties serve as the primary residence of the occupants.

The fact that rental may be paid by the occupants of these properties cannot be the criteria to categorise these properties as “Business and commercial”.

The use of these properties remains for residential purposes.

The position that residential properties used for rental purposes should be classified as “Business and commercial” should equally apply to dwellings that are let out. A clear distinction must be drawn between use as a primary residence (ordinary habitation) and use for holiday or short-term accommodation purposes.

This definition conflicts with the definition of “residential property” in the MPRA¹ and should be removed because the definition in the MPRA takes precedence over the

¹ MPRA definition: “residential property” means a property included in a valuation roll in terms of section 48(2)(b) in respect of which the primary use or permitted use is for residential purposes without derogating from section 9

definition in the rates policy. Section 3(1) of the MPRA states that the policy must be consistent with the MPRA.

A property used for residential purposes **must** be categorised as “Residential property”.

2.3 “Residential property”

The definition could be ultra vires as it conflicts with the MPRA definition. There are numerous judgments confirming that a rates policy is subject to the MPRA and regulations.

The definition should reflect the amendments to the definition in the MPRA.

The MPRA definition refers to “residential purposes”. It is suggested that a definition for “residential purposes” be included in the policy, and the MPRA definition be included verbatim in this policy.

3 **Clause 9: Rates relief measures relating to categories of property and categories of owners of property.**

3.1 Clause 9.1 Exemptions

Rural areas are defined as “a geographic area that is located outside cities and towns...”.

Is it the intention to exempt all privately owned land outside proclaimed townships?

If it is not, the definition should be amended to exclude these properties.

3.2 Clause 9.2 Exclusions

Section 17(1) of the MPRA lists the properties that may not be rated or are excluded from the payment of property rates.

Why are only religious properties and the R15 000 exclusion on residential properties mentioned?

Exclusions constitute a statutory limitation on the rating powers of municipalities and should not be regarded as relief measures, as implied by the heading of clause 9. The clause should therefore be relocated under a separate heading titled “Exclusions.”

3.3 Clause 9.3.2: Disabled or medically boarded persons

The reference should be to clause 7 and not Section 7.

3.4 Clause 9.3.3 Public Benefit Organisations and not for gain institutions

3.4.1 Is it realistic to set a deadline of 30 June? A realistic deadline of 31 August is suggested.

It also means the applications must be submitted before the rates policy is approved.

3.4.2 Exemptions should be backdated to the date of qualification.

3.5 Clause 9.3.6: General Relief

It is unclear why it is stated that “this rebate will not be granted on an individual basis.”

4 General

It is recommended that the policy’s effective date be included.

Regards

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SAPOA