

Shock judgment for Joburg improvement districts

In a shock judgment that sent waves of panic through many of Joburg's central business districts and communities, the Supreme Court of Appeal has deemed all of Gauteng's 19 city improvement districts (CIDs) illegal, and has nullified all levies raised by these council-approved CIDs.

This could result in property values declining, the slowing of social and economic development, an increase in crime, the decline in the maintenance and cleanliness of public spaces, and about 4 000 job losses.

It could also affect many informal traders who are regulated by the CIDs. Many wellrun suburbs and CBDs across the city could face decline.

CIDs are areas in which the majority of property owners agree to fund supplementary and complementary services to those provided by municipalities to maintain and manage the public environment.

The municipality continues to provide normal services. Legislation allows for CIDs to raise an additional levy to be charged on all property within the area.

Income from this levy is used for safety and security patrol officers, pavement cleaning, litter collection, maintenance of public spaces and the removal of illegal posters.

According to Anne Steffny, the CID forum facilitator - which is an umbrella group for the improvement districts - property owners have contributed R2.5 billion to improving public open spaces over the years.

They have been contributing about R20 million a year since 1997, money which they could be forced to pay back.

"CIDs have contributed to an increase in property values of about 400 percent in certain areas such as the inner city and Randburg, areas which were in decline, which, in turn, means that the city's rate base has increased dramatically. This is going to affect tourism and economic growth in the affected areas if they are not maintained as they are today," she said.

"All the CID areas are well run. In fact, in Rosebank in particular, the boundary line between the CID and the rest of the area is very obvious," she said.

Steffny said the forum had for years been concerned about the fact that legislation was poorly drafted and it had asked the City of Joburg to improve it.

The forum is now looking at taking the matter to the Constitution Court.

The matter emerged when a property owner refused to pay the compulsory levies.

The Randburg Management District took him to court, and lost.

According to advocate Jean Berdou, who is involved in the establishment of a CID in Fourways, the unanimous judgment has far-reaching immediate consequences for all improvement districts.

As a result of this ruling, all CID levies raised under any provincial legislation are unlawful and can no longer be enforced.

"This affects all current improvement districts in the whole of Gauteng as they were all established under provincial legislation."

Berdou said to bring an application to the Constitution Court usually took a considerable period of time and that court seldom overturned unanimous decisions of the Supreme Court of Appeal.

"As a result of this decision it follows that all formal improvement districts are now unable to raise or impose levies under the current enabling legislation."

Voluntary CIDs are not affected because payment is not compulsory.

The City of Joburg did not respond to a request for comment.

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