

City of Johannesburg Council 2023-03-22/23

COJ : MAYORAL COMMITTEE 2023-03-17

HUMAN SETTLEMENTS

120 RENTAL TARIFF CHARGES IN RESPECT OF COMMUNITY RESIDENTIAL UNITS (CRU's) AND AFFORDABLE RENTAL ACCOMMODATION (ARA) CHARGES FOR COUNCIL OWNED, RESIDENTIAL STOCK ADMINISTERED BY THE DEPARTMENT OF HUMAN SETTLEMENTS (DoHS) FOR THE 2023/24 FINANCIAL YEAR

1 STRATEGIC THRUST

Sustainable Department of Human Settlements that is:

- Inclusive city
- Safe and secure city
- Resilient city that protects, serves & empowers communities.

2 OBJECTIVE

The objective of the report is to seek approval of proposed rental tariffs in respect of Community Rental Units (CRU) and the Affordable Rental Accommodation (ARA) that the City of Johannesburg Department of Human Settlements, is mandated to administer.

3 SUMMARY

The City of Johannesburg has developed council owned stock in the form of Community rental units (CRU) in South Hills and Fleurhof Mixed Housing Developments as well as Affordable rental accommodation in the Inner City.

Both the CRU and ARA stock are aimed to provide to the low-income earners an affordable, safe, stable good quality rental accommodation and these units are leased out to qualifying tenants, who will benefit as accommodation provides well managed environments, and it targets households that are aimed to be integrated into formal housing markets.

4 BACKGROUND - ARA VS CRU HOUSING STOCK

The Council owned CRU's and ARA's are rented out (leased) to qualifying tenants who are required to sign a lease agreement that outlines the duties and obligations of tenants and that of CoJ DoHS. The tariffs are in line with the City's rental principles as guided by the Budget Office in terms of the inflation increase.

Both programmes intended beneficiaries include the following, but is not limited to:

- Informal Settlements residents,
- Household living in poor quality informal backyard accommodation; and
- Households living in existing provincial and / or municipal owned rental housing stock;

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- Households living in Temporary Relocation Areas (TRA) and Temporary Emergency Accommodation (TEA);
- Households living in bad buildings;
- Households that could be rendered homeless as a result of an eviction.

Moreover, both programmes:

- Provides secure and stable rental housing for low income households;
- Provides good quality and well managed rental accommodation that is affordable to low income;
- Provides for the well-structured institution management of the rental housing stock linked to the minimum requirement that the tenants must meet as a minimum criterion to be able to pay rentals equal to Economic Cost Recovery level required for the economic administration and operation of the rental housing stock so created;
- Facilitates meaningful communication and participation / inclusion of the current residents throughout the redevelopment process;
- Facilitates choice by providing a variety of rental housing accommodation options alongside ownership alternatives where appropriate;
- Ensures equity as far as possible through the application, implementation and management of the programme;
- Provides a secure, stable rental housing tenure for low-income households which must include a formal lease agreement compliant with the provision of the Rental Housing Act No.50 of 1999 and that includes a clause detailing the approach to future rental increases;
- Targets households from informal and inadequate housing solutions with the objective of integrating them into formal housing market.
- Provides a well-managed environment in which low-income households can make an affordable contribution to the cost of their formal housing; and
- Is not applied in such a manner that it leads to the eviction or dispossession of existing occupants.

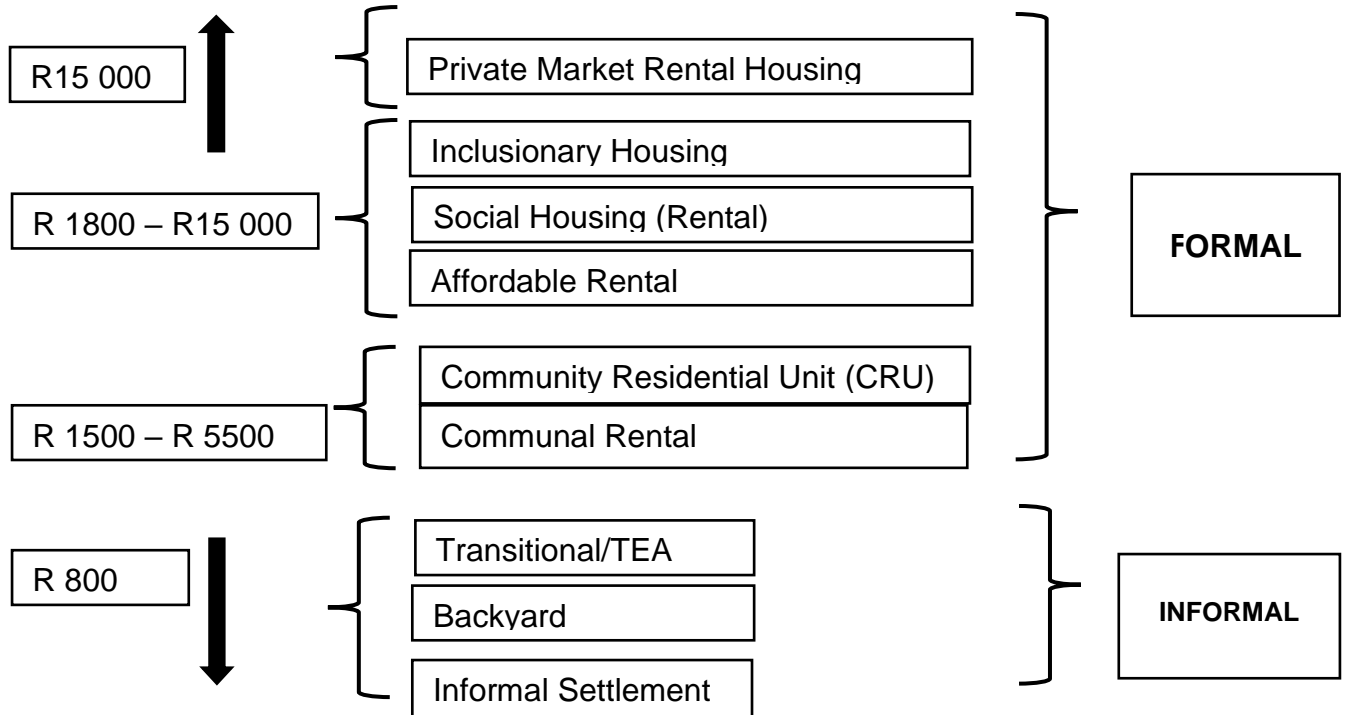
Affordable housing units (Integrally linked to Temporary Emergency Accommodation - TEA) in the City of Johannesburg is in very short supply, particularly those that are publicly owned.

The scarcity of rental stock in this segment makes the transition from TEA to affordable rental, as such independent living for the lower end of this segment of the ladder near impossible (this has resulted in a backlog of TEA).

The DoHS have embarked on an endeavor to provide units in this segment of the housing ladder. Diagram below is Illustrative of where the Affordable housing rental product sits in the rental housing ladder:

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The department has developed 1140 CRU's in Fleurhof and South Hills (See table 1 below). In the Inner City, the department through JPC acquired 2 properties with 250 units for ARA (See table 2 below).

Table 1. South Hills number of units

SOUTH HILLS			
PORTION NR	BLOCK	NAME OF BLOCK	NUMBER OF UNITS
514	AE32	Fever Tree	32
515	AF32	Fever Tree	48
516	AG34	Fever Tree	56
517	AH35	Fever Tree	32
517	AJ36	Fever Tree	36
			<u>204</u>

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Table 2. Fleuhof EXT 19 & 21 number of units

FLEURHOF EXT.19				FLEURHOF EXT.21			
PORTION NR	BLOCK	NAME OF BLOCK	NUMBER OF UNITS	PORTION NR	BLOCK	NAME OF BLOCK	
3005	R32		40	2887	AK136		28
3005	S33		28	2887	AN137		60
3005	T34		24	2946	AG140		32
3004	U35		28	2946	AH139		64
3004	V36		24	2946	AF138		96
			<u>144</u>	2947	AG143		32
				2947	AH142		64
				2947	AF141		96
				2948	AF144		32
				2948	AJ145		64
				2953	AJ135		32
				2953	AM134		76
				2953	AL133		116
							<u>792</u>

6 QUALIFICATION CRITERIA

The DoHS is administering affordable rental accommodation that are linked to Affordable Rental Accommodation meant to integrate into segments to affordable rental units, aimed to accommodate the citizens of the City of Johannesburg municipality.

The qualification criteria for both programmes are as follows:

- South African with green bar-coded ID or new smart card ID.
- Main applicant must be permanently employed, in contract employment for at least a year, self-employed with proof of a small business and ability to afford rent.
- Net Household Income Per Month of between:
 - CRU: R1,500.00 and R5,500.00
 - ARA: R3,500.00 and R10,000.00
- Resident with Proof of Address in CoJ,
- For CRU's: CoJ Resident who is registered on the Municipality Housing Department Demand Database or National Housing Needs Register,
- Must not have ownership of RDP, Bonded House, or commercial property currently,
- Priority Beneficiaries: The Aged, The Disabled, Women-headed households, and couples with Children

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Rent is set in such a manner as to ensure that operating costs are covered but also ensuring affordability for the target market. A calculation of the cost of operating and managing the rental stock and tenancies is required for setting the minimum rentals which include the following input costs:

- Cost of rental collection and area management,
- Cost of legal action,
- Cost of tenanting buildings,
- Cost of overall financial management,
- Cost of communication,
- Cost of offices, equipment, and perishables; and
- Cost of Management of Assets and Tenancies.

The proposed tariffs are in line with the relevant policies as per 2009 National Housing Code and the City's rental principles as guided by the Budget Office in terms of the inflation increase as per Treasury regulations.

CRU'S

The rental for CRU's is set on a sliding scale, wherein those that earn more cross subsidize the low-income earners, as follows:

- Based on percentage of Net Household Income.
- Minimum Rental – R320 per month,
- Maximum Rental – R1,130 per month,
- Average Rental – R730 per month,
- Average: 21% of Monthly Household Income,
- Beneficiaries with higher net household income cross subsidize the beneficiaries with lower net household income,
- Rent is set using an Economic Cost Recovery Rentals (ECRR) principle.

Table 3: Community Rental Units (CRU) Proposed rental tariffs (ANNEXURE A)

HOUSEHOLD INCOME	% per Household	Rental Per Month	Proposed	Proposed
		Current 2022/23	2023/24	2024/25
			4,50%	4,50%
R5,500	21%	R1 160	R1 212	R1 267
R5,400	21%	R1 130	R1 180	R1 234
R5,300	21%	R1 110	R1 160	R1 212
R5,200	21%	R1 070	R1 120	R1 170
R5,100	21%	R1 090	R1 139	R1 190
R5,000	21%	R1 050	R1 097	R1 145
R4,900	21%	R1 030	R1 076	R1 125

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HOUSEHOLD INCOME	% per Household	Rental Per Month	Proposed	Proposed
		Current 2022/23	2023/24	2024/25
R4,800	21%	R1 010	R1 055	R1 103
R4,700	21%	R990	R1 035	R1 081
R4,600	21%	R970	R1 014	R1 061
R4,500	21%	R945	R988	R1 035
R4,400	21%	R920	R961	R1 005
R4,300	21%	R900	R941	R985
R4,200	21%	R880	R920	R963

HOUSEHOLD INCOME	% per Household	Rental Per Month	Proposed	Proposed
		Current 2022/23	2023/24	2024/25
			4,50%	4,50%
R4,100	21%	R860	R900	R940
R4,000	21%	R840	R880	R920
R3,900	21%	R820	R858	R900
R3,800	21%	R800	R838	R877
R3,700	21%	R780	R815	R852
R3,600	21%	R777	R813	R852
R3,500	21%	R735	R770	R805
R3,400	21%	R710	R742	R775
R3,300	21%	R700	R732	R764
R3,200	21%	R670	R700	R732
R3,100	21%	R650	R679	R710
R3,000	21%	R630	R658	R688
R2,900	21%	R600	R627	R655
R2,800	21%	R590	R617	R644
R2,700	21%	R570	R596	R622
R2,600	21%	R550	R575	R601
R2,500	21%	R525	R549	R573
R2,400	21%	R500	R523	R546
R2,300	21%	R490	R512	R535
R2,200	21%	R460	R481	R502
R2,100	21%	R440	R460	R480
R2,000	21%	R420	R439	R459
R1,900	21%	R400	R418	R437
R1,800	21%	R385	R402	R420
R1,700	21%	R370	R387	R404
R1,600	21%	R340	R355	R371
R1,500	21%	R320	R334	R349

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The affordable rental accommodation is the first of its kind, hence the rental is calculated based at projected running costs of the facility, per unit. The running costs being estimated at R1400 per unit per month.

Table 4: Affordable rental accommodation Proposed rental tariffs (ANNEXURE B)

UNIT RENTAL BREAKDOWN						
BLOCK A	TPOLOGY	Square meters per unit	Per Square meter cost	Proposed 2022/2023	Proposed 2023/2024	Proposed 2024/2025
						4,50%
BLOCK A	Bachelor	19 sqm	R40	760	760	794
	Bachelor	20 sqm	R40	800	800	836
	Bachelor	22 sqm	R40	880	880	920
	Bachelor	27 sqm	R40	1080	1080	1129
	Bachelor	29 sqm	R40	1160	1160	1212
	1 Bedroom	33 sqm	R40	1320	1320	1379
	1 Bedroom	34 sqm	R40	1360	1360	1421
	1 Bedroom	35 sqm	R40	1400	1400	1463
	2 Bedroom	36 sqm	R40	1440	1440	1505
	1 Bedroom	37 sqm	R40	1480	1480	1547
	1 Bedroom	38 sqm	R40	1520	1520	1588
	1 Bedroom	42 sqm	R40	1680	1680	1756
	2 Bedroom	44 sqm	R40	1760	1760	1839
	2 Bedroom	55sqm	R40	2200	2200	2299
BLOCK B	TPOLOGY	RATES	Per Square meter cost	Proposed 2022/2023	Proposed 2023/2024	Proposed 2024/2025
						4,50%
BLOCK B	Bachelor	16 sqm	R40	640	640	669
	Bachelor	19 sqm	R40	760	760	794
	Bachelor	21 sqm	R40	840	840	878
	Bachelor	22 sqm	R40	880	880	920
	Bachelor	23 sqm	R40	920	920	961
	Bachelor	24 sqm	R40	960	960	1003
	Bachelor	25 sqm	R40	1000	1000	1045

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BLOCK B	TPOLOGY	RATES	Per Square meter cost	Proposed 2022/2023	Proposed 2023/2024	Proposed 2024/2025
	Bachelor	26 sqm	R40	1040	1040	1087
	Bachelor	27 sqm	R40	1080	1080	1129
	Bachelor	28 sqm	R40	1120	1120	1170
	Bachelor	29 sqm	R40	1160	1160	1212
	Bachelor	30 sqm	R40	1200	1200	1254
	1 Bedroom	31 sqm	R40	1240	1240	1296
	2 Bedroom	33 sqm	R40	1320	1320	1379
	1 Bedroom	35 sqm	R40	1400	1400	1463
	1 Bedroom	41 sqm	R40	1640	1640	1714
	1 Bedroom	47 sqm	R40	1880	1880	1965

Table 2: Calculated Rentals Per Square Meter

BLOCK C	TPOLOGY	RATES	Per Square meter cost	Proposed 2022/2023	Proposed 2023/2024	Proposed 2024/2025
						4,50%
BLOCK C	Bachelor	23 sqm	R40	920	920	961
	Bachelor	24 sqm	R40	960	960	1003
	Bachelor	25 sqm	R40	1000	1000	1045
	Bachelor	28 sqm	R40	1120	1120	1170
	Bachelor	29 sqm	R40	1160	1160	1212
	Bachelor	31 sqm	R40	1240	1240	1296
	Bachelor	36 sqm	R40	1440	1440	1505

* Tariffs are determined by the square meters which is charged at R40

8 POLICY IMPLICATIONS

The Housing Act 107 of 1997 Section 9(1) (a) (i) states that:

“Every municipality must, as part of its process of integrated development planning, take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to ensure inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis and that conditions which are not conducive to health and safety of the inhabitants of its area of jurisdiction are prevented and removed.”

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The proposed tariffs on CRU and Affordable rental units are in line with the City of Johannesburg's budget guidelines and principles that state that the rental tariffs should be equitable and affordable.

9 LEGAL IMPLICATIONS

The report has been prepared in consultation with Legal and Compliance Departments to ensure compliance with all relevant legislations. The City of Johannesburg has legislative powers in terms of Section 11(3)(i) of the Municipal Systems Act, 2000 (Act 32 of 2000) read with Section 10G(7) of the Local government Transition Act, 1993 (Act 209 of 1993) as amended with Section 80 (B) of the Local Government Ordinance, 1939 to levy and amend Tariffs of Charges in respect of any function or service of the municipality.

It must, nonetheless, be pointed out that in terms of Section 28 (6) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) the new tariffs as proposed shall be determined in respect of the 2023/24 Financial Year and shall not be increased during the said financial year, except when required in terms of a financial recovery plan as contemplated in the Act. For that reason, it is essential to ensure that the proposed determination complies with the budgeted needs of the Council in respect of the 2023/24 financial year.

10 FINANCIAL IMPLICATIONS

The proposed current rental charges in respect of Council owned residential stock of Community rental units (CRU) and Affordable rental accommodation shall be charged as per the CRU policy that state they are income based and units are charged as per square meters and the increased will not be affected in the 2023/24 it will remain the same as current for the 2022/23 financial year and newly proposed tariffs shall also be applicable to all tenants.

The no percentage increase in CRU and Affordable rental accommodation proposed rental tariffs will have no significant financial implication as the increase is in line with expected increase in running costs of Council owned rental units.

11 ECONOMIC IMPLICATIONS

(1) Economic Development Initiative/Projects

Provision of affordable rental accommodation to the vulnerable members of the community as a social development initiative.

(2) Job Creation

The Job creation is achieved by sourcing vendors/suppliers from supplier chain database in line with CoJ SCM policy guidelines. Suppliers/vendors are required to utilize local labour when they do business with the CoJ.

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(3) Skills Development

Suppliers/vendors are required to utilize local labor when they do business with the CoJ.

12 COMMUNICATIONS IMPLICATIONS

The relevant information regarding the amended tariffs will be communicated to all role players in the manner prescribed by Municipal Finance Management Act and Municipal Systems Act.

IT IS RECOMMENDED

- 1 That in terms of Sections 11(3)(i) and 75A (1) of the Local Government: Municipal Systems Act 2000, (Act 32 of 2000) as amended, read with Section 16(2) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the City of Johannesburg declares its intention to amend with effect immediately from 1 January 2023 its Tariff of Charges, and later as per policy to be effective as of 1 July 2023:-**

For: Amendment of Tariff Charges in respect of Rentals and Charges of CRU and Affordable rental units as set out in Annexure "A" and Annexure "B".

- 2 That in terms of Sections 17(3)(a)(ii) and 22(a)(i) and (ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and Sections 21, 21A(1) and 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended, the City of Johannesburg:**
 - (1) Display the notice and the documents and notice in the manner prescribed.**
 - (2) Seek to convey to the local community by means of radio broadcasts covering the area of the City, the information contemplated in Section 21A(c) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended;**
 - (3) Publish a notice in the manner prescribed and invites the local community to submit written comments or representations in respect of the City's declared intention to amend or determine Tariffs of Charges.**
- 3 That, if no objections are received, the amended Tariff of Charges be published in the Provincial Gazette and be effective immediately and as per policy from 1 July 2023.**
- 4 That a report be submitted to a relevant Section 79 Committee for comments.**

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- 5 That in terms of Section 22(b)(i) and (ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) a copy of the notice and documents be sent forthwith to the National and Provincial Treasury; MEC for local government; as well any other organ of state or municipality affected by the budget to solicit their views.**
- 6 That the Executive Director: Finance in conjunction with Director: Legal and Compliance, in consultation with the Inner City & Urban Core Programme and, report on the comments received in terms of Paragraph 2 above with recommendations on the final draft of the Tariffs of Charges for approval.**

(HUMAN SETTLEMENTS)

(ASSISTANT DIRECTOR : DEBTORS)

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(Zanele Melusi)

(tc)

THE NEXT ITEM FOLLOWS THE ANNEXURE TO THIS ITEM

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HUMAN SETTLEMENTS**ANNEXURE A****CITY OF JOHANNESBURG****AMENDMENT OF RENTAL TARIFF CHARGES IN RESPECT OF COMMUNITY RESIDENTIAL UNITS (CRU) AND AFFORDABLE RENTAL ACCOMODATIONN CHARGES FOR COUNCIL OWNED, RESIDENTIAL STOCK ADMINISTERED BY THE HUMAN SETTLEMETS DEPARTMENT FOR THE 2023/24 FINANCIAL YEAR**

In terms of Sections 17(3)(a)(ii) and 22(a)(i) and (ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and Sections 21(1) and (3), 21A and 75A(3) and (4) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended, it is hereby notified that the City of Johannesburg has, in terms of Sections 11(3)(i) and 75A(1) and (2) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended, read with Section 24(2)(c)(ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), determined its rental tariffs in respect of rentals and charges for Council owned residential stock administered by the City's Human Settlements Department with immediate effect and as per policy from 1 July 2023.

The following tariffs will be effective immediately, and as per policy as from 1 July 2023:

Table 1 Proposed rental tariffs on Community Rental Units (CRU)

HOUSEHOLD INCOME	% per Household	Rental Per Month	Proposed	Proposed
		Current 2022/23	2023/24	2024/25
			4,50%	4,50%
R5,500	21%	R1 160	R1 212	R1 267
R5,400	21%	R1 130	R1 180	R1 234
R5,300	21%	R1 110	R1 160	R1 212
R5,200	21%	R1 070	R1 120	R1 170
R5,100	21%	R1 090	R1 139	R1 190
R5,000	21%	R1 050	R1 097	R1 145
R4,900	21%	R1 030	R1 076	R1 125
R4,800	21%	R1 010	R1 055	R1 103
R4,700	21%	R990	R1 035	R1 081
R4,600	21%	R970	R1 014	R1 061
R4,500	21%	R945	R988	R1 035
R4,400	21%	R920	R961	R1 005
R4,300	21%	R900	R941	R985
R4,200	21%	R880	R920	R963
R4,100	21%	R860	R900	R940
R4,000	21%	R840	R880	R920
R3,900	21%	R820	R858	R900
R3,800	21%	R800	R838	R877
R3,700	21%	R780	R815	R852
R3,600	21%	R777	R813	R852

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HOUSEHOLD INCOME	% per Household	Rental Per Month	Proposed	Proposed
		Current 2022/23	2023/24	2024/25
			4,50%	4,50%
R3,500	21%	R735	R770	R805
R3,400	21%	R710	R742	R775
R3,300	21%	R700	R732	R764
R3,200	21%	R670	R700	R732
R3,100	21%	R650	R679	R710
R3,000	21%	R630	R658	R688
R2,900	21%	R600	R627	R655
R2,800	21%	R590	R617	R644
R2,700	21%	R570	R596	R622
R2,600	21%	R550	R575	R601
R2,500	21%	R525	R549	R573
R2,400	21%	R500	R523	R546
R2,300	21%	R490	R512	R535
R2,200	21%	R460	R481	R502
R2,100	21%	R440	R460	R480
R2,000	21%	R420	R439	R459
R1,900	21%	R400	R418	R437
R1,800	21%	R385	R402	R420
R1,700	21%	R370	R387	R404
R1,600	21%	R340	R355	R371
R1,500	21%	R320	R334	R349

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HUMAN SETTLEMENTS**(ANNEXURE B)****Table 2:** Affordable rental accommodation Proposed rental tariffs

UNIT RENTAL BREAKDOWN						
BLOCK A	TPOLOGY	Square meters per unit	Per Square meter cost	Proposed 2022/2023	Proposed 2023/2024	Proposed 2024/2025
						4,50%
BLOCK A	Bachelor	19 sqm	R40	760	760	794
	Bachelor	20 sqm	R40	800	800	836
	Bachelor	22 sqm	R40	880	880	920
	Bachelor	27 sqm	R40	1080	1080	1129
	Bachelor	29 sqm	R40	1160	1160	1210
	1 Bedroom	33 sqm	R40	1320	1320	1379
	1 Bedroom	34 sqm	R40	1360	1360	1421
	1 Bedroom	35 sqm	R40	1400	1400	1463
	2 Bedroom	36 sqm	R40	1440	1440	1505
	1 Bedroom	37 sqm	R40	1480	1480	1547
	1 Bedroom	38 sqm	R40	1520	1520	1588
	1 Bedroom	42 sqm	R40	1680	1680	1756
	2 Bedroom	44 sqm	R40	1760	1760	1839
	2 Bedroom	55sqm	R40	2200	2200	2299

BLOCK B	TPOLOGY	RATES	Per Square meter cost	Proposed 2022/2023	Proposed 2023/2024	Proposed 2024/2025
						4,50%
BLOCK B	Bachelor	16 sqm	R40	640	640	670
	Bachelor	19 sqm	R40	760	760	795
	Bachelor	21 sqm	R40	840	840	880
	Bachelor	22 sqm	R40	880	880	920
	Bachelor	23 sqm	R40	920	920	960
	Bachelor	24 sqm	R40	960	960	1005
	Bachelor	25 sqm	R40	1000	1000	1045
	Bachelor	26 sqm	R40	1040	1040	1085
	Bachelor	27 sqm	R40	1080	1080	1130
	Bachelor	28 sqm	R40	1120	1120	1170
	Bachelor	29 sqm	R40	1160	1160	1210

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BLOCK B	TPOLOGY	RATES	Per Square meter cost	Proposed 2022/2023	Proposed 2023/2024	Proposed 2024/2025
						4,50%
	Bachelor	30 sqm	R40	1200	1200	1255
	1 Bedroom	31 sqm	R40	1240	1240	1295
	2 Bedroom	33 sqm	R40	1320	1320	1379
	1 Bedroom	35 sqm	R40	1400	1400	1465
	1 Bedroom	41 sqm	R40	1640	1640	1715
	1 Bedroom	47 sqm	R40	1880	1880	1965

Table 2: Calculated Rentals Per Square Meter

BLOCK C	TPOLOGY	RATES	Per Square meter cost	Proposed 2022/2023	Proposed 2023/2024	Proposed 2024/2025
						4,50%
BLOCK C	Bachelor	23 sqm	R40	920	920	960
	Bachelor	24 sqm	R40	960	960	1005
	Bachelor	25 sqm	R40	1000	1000	1045
	Bachelor	28 sqm	R40	1120	1120	1170
	Bachelor	29 sqm	R40	1160	1160	1212
	Bachelor	31 sqm	R40	1240	1240	1295
	Bachelor	36 sqm	R40	1440	1440	1505

* Tariffs are determined by the square meters which is charged at R40

City of Johannesburg Council 2023-03-22/23

COJ : MAYORAL COMMITTEE 2023-03-17

HUMAN SETTLEMENTS

TITLE OF THE REPORT

1) **Purpose of the Report:**

The purpose of the report is to propose the amendment of the tariffs in relation to all categories of Community rental units (CRU) and Affordable rental Accommodation (ARA) with immediate effective and respectively so as at 1 July 2023

2) **Summary/background of report:**

The report is in relation to the proposed tariffs of Council owned rental units that are administered by COJ Human settlements Department.

Previously the City of Johannesburg has developed council owned CRU in South Hills integrated Development Project to be administered by City of Johannesburg Metropolitan Council (CoJ)

The Community rental units (CRU) Programme is aimed to provide to the low-income earners an affordable, safe, stable good quality rental accommodation and Human settlements Department is administering affordable rental accommodation that are linked to Affordable Rental Accommodation meant to integrate into segments to affordable rental units, aimed to accommodate the citizens of the City of Johannesburg municipality.

3) **Project implications and report recommendations:**

The proposed increase will have significant financial implication as the increase is inflationary increase in line with expected corresponding inflationary increase in running costs of CRU and Affordable rental accommodation as Council Owned Rental Units.

4) **Recommendations**

- It is proposed that the rental tariffs of all categories of rental residential units be increased by 4.5% in line with budget guidelines, effective from 1 July 2024 on affordable rental units, while on CRU's as at 1 July 2023.

5) **Project challenges and mitigation strategies:**

The proposed tariffs be implemented as intended to provide for the inflationary adjustments. No major challenges are expected.

6) **Additional Comments:**

None