DRAKENSTEIN
MUNISIPALITEIT • MUNICIPALITY • UMASIPALA
Paarl | Wellington | Gouda | Saron | Simondium

Development Charges Policy

Date of Approval/Review by Council	Implementation Date
30 March 2026	30 March 2026

Signed by the City Manager	Signature Date
	30 March 2026

TABLE OF CONTENTS

1. INTRODUCTION 3
2. DEFINITIONS 4
3. LEGAL FRAMEWORK 6
4. OBJECTIVES OF THE DEVELOPMENT CHARGES POLICY 9
5. DEALING WITH VARIOUS LEVELS OF DEVELOPMENT 10
6. DEFINING BULK SERVICES 15
7. DETERMINING THE DEVELOPMENT CHARGES 18
8. DERIVING THE UNIT COSTS PER SERVICE 19
9. CALCULATION OF THE DEVELOPMENT CHARGES 20
10. SUBSIDIES AND EXEMPTIONS 21
11. INSTALLATION OF EXTERNAL ENGINEERING SERVICES INSTEAD OF THE PAYMENT OF DEVELOPMENT CHARGES 23
12. ADMINISTRATION 25
13. MONITORING, EVALUATION AND REVIEW 27
14. ANNEXURE A: DEMAND PER SERVICE AND LAND USE 28

1. INTRODUCTION

The Development Charges Policy is based on an equitable and sustainable model for providing infrastructure to promote economic growth. The total cost of infrastructure for new development is apportioned to the new users in accordance with the land use model and relies on each user paying for their share of the infrastructure.

2. DEFINITIONS

In this document, the following words shall have the following meanings:

2.1 "Appeal Authority" means the Executive Mayor of the Municipality is the Appeal Authority in respect of the Tribunal or an authorized employee contemplated in sections 68(a) or (b) of the Municipal Land Use Planning bylaw of 2018, and a failure to decide on an application as contemplated in section 58 of the aforementioned bylaw.

2.2 **"Applicant"** means a person who makes a land development application contemplated in section 45 of SPLUMA. .

2.3 **"Bulk Infrastructure Contribution Levy (BICL)"** means a financial contribution or levy paid by a developer for the impact of his/her development (land use) on the bulk infrastructure services that are provided by the Local Authority, as permitted by the Land Use Planning Ordinance (LUPO) No. 15 of 1985. BICLS is now known as Development Charges.

2.4 **"Bulk Services"** As defined in Section 6.1

2.5 "**Bylaw**" means Drakenstein Bylaw on Municipal Land Use Planning, 2018, as amended.

2.6 **"Civil Engineering Services"** means all primary engineering services as described in "Bulk Services" above with the exclusion of Electricity services.

2.7 **"Condition of approval"** means a condition imposed by Drakenstein Municipality on the approval of a land development application in terms of the Bylaw

2.8 **"Constitution"** means the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996).

2.9 **"Contract Price Adjustment Factor"** is a widely accepted measure of civil engineering and construction prices in South Africa. The South African Federation for Civil Engineers (SAFCEC) publishes Year-on-Year inflation in the contract prices in their quarterly reports on the "State of the Civil Engineering Industry".

2.10 "Coverage" means the total area of a land unit that may be covered by buildings with a roof, slab or projection expressed in square meters or as a percentage of the area of the land unit.

2.11 **"Council"** means the Municipal Council of Drakenstein.

2.12 **"Default Escalation Rates"** means the method for unit cost adjustment by applying the calculated Contract Price Adjustment Factor (CPAF).

2.13 **"Developer"** means the person, including an organ of state, who may or may not be the owner of a specific portion of land and who intends to develop this portion of land by way of subdivision, building upon or changing the land use and who is applying for permission from the relevant authority according to SPLUMA to do this.

2.14 **"Development"** means the erection of buildings or structures on land, or the change of use of land, including township establishment, the subdivision or consolidation of land or any deviation from the land use or uses permitted in terms of an applicable land use scheme.

2.15 **"Development Charge"** means a once-off bulk infrastructure charge levied by the Municipality on an applicant, develop owner in terms of its relevant statutory powers in respect of a development which will result in an intensification of land use and increase in the use or need for bulk municipal utility services infrastructure, and may include any required social infrastructure;

2.16 **"Drakenstein"** means Drakenstein Municipality.

2.17 "**Early Childhood Development Centre (ECD)**" means any building or premises used for the care of more than six (6) children and includes a playgroup, crèche, aftercare, pre-school, nursery school, educare or similar facility.

2.18 **"Engineering services"** means an infrastructure network for the provision of internal and external engineering services that include water , sewerage, electricity, renewable energy sources, roads, stormwater drainage, gas and solid waste collection and removal required for the purpose of land development.

2.19 "External Engineering Services means an engineering service situated outside the boundaries of the land area that is necessary to serve the use and development of the land and includes municipal infrastructure services, bulk services, link engineering services, renewable energy infrastructure or engineering services that have been classified by agreement.

2.20 **"GAP/Affordable Housing"** means the creation and promotion by the government of housing opportunities, in partnership with the private sector, for people earning a combined monthly income between R3,501.00 and **R22,000.00** as amended from time to time.

2.21 "**Gross Leasable Area (GLA)"** means the total floor area designed for or capable of occupancy by tenants for their exclusive use, including storage areas which are leased, but excludes internal parking and loading bays and vehicular circulation areas and communal spaces which are used by more than one tenant, such as communal passages, toilets, kitchens, entrance lobbies, lift shafts, stairwells, service ducts, service areas and vertical penetration of floors and also excludes all spaces which are used exclusively by employees who fulfil their work function in another space which is already included in the calculation of GLA, such as staff canteens, staff change rooms;

2.22 **"Link Services"** means all new engineering services that are necessary to connect to the internal services of the relevant portion of land to the existing engineering services or bulk services.

2.23 **"Low Cost or Breaking New Ground (BNG) Housing"** Households with a monthly income of between R0 and R 3 500 are classified as Breaking New Ground (BNG) housing. These were previously known as 'RDP' houses and are fully subsidised by Government.

2.24 LUPA means the Western Cape Land Use Planning Act, 2014 (Act 3 of 2014);

2.25 **"Internal Engineering Services"** means infrastructure that falls within the boundary of the development to service that development and which may be transferred to the municipality in some cases or stay the ownership of the home owners association.

2.26 "**Land development application**" means any application submitted to Drakenstein Municipality for permission to develop or change the use of land in terms of the Bylaw.

2.27 **"Red Book"** means the Council for Scientific and Industrial Research (CSIR) 2003 Guidelines for Human Settlement Planning and Design. Compiled under the patronage of the National Department of Housing.

2.28 **"Service master plans"** means high level infrastructure plans prepared by Drakenstein Municipality or its appointed consulting engineers to cater for future development. These include, but are not limited to: the Comprehensive Integrated Transport Plan, Traffic Impact Assessments, Bulk Water and Sanitation Master Plans and Stormwater Master Plans.

2.29 "**SPLUMA**" means the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013).

2.30 "**State-funded housing**" means housing that receives a subsidy in full or in part to cover the costs of the land and/or top structure of housing for low-income persons.

2.31 **"Zoning Scheme"** means the Drakenstein Zoning Scheme as adopted by the Council and promulgated in the Provincial Gazette of the Western Cape

3. LEGAL FRAMEWORK

The principle of Development Charges has been expanded upon in sec 49 of SPLUMA and Drakenstein Local Municipality By-law on Municipal Land Use Planning, 2015 published PN 47589 in PG 7528 of 13 November 2015 – with effect from the date that the Western Cape Land Use Planning Act 3 of 2014 comes into operation in the municipal area of the Municipality. Development Charges under SPLUMA came into effect from 1 February 2016.

It was required by the Spatial Planning and Land Use Management Act (SPLUMA) (2013) and Land Use Planning Act (LUPA) (2014) to have a Municipal Land Use Planning By-Law that will regulate aspects of land and building development management, including the provision of engineering services for land development and the application of Development Charges. Section 48 of the LUPA empowers municipalities to levy a Development Charges for new developments and changes in land use.

3.1 Spatial Planning and Land Use Management Act (SPLUMA) Act 16 of 2013:

The Spatial Planning and Land Use Management Act (SPLUMA) was assented to on 5 August 2013 and makes provision for a uniform system of regulating land development throughout the country and municipalities are the key stakeholders in its implementation.

Section 49 of the national SPLUMA provides that:

3.1.1 An applicant is responsible for the provision and installation of internal engineering services;

3.1.2 A municipality is responsible for the provision of external engineering services;

3.1.3 Where a municipality is not the provider of an engineering service, the applicant must satisfy the municipality that adequate arrangements have been made with the relevant service provider for the provision of that service; and

3.1.4 An applicant may, in agreement with the municipality or service provider, install any external engineering service instead of payment of the applicable Development Charges, and the fair and reasonable cost of such external services may be set off against Development Charges payable.

3.2 Land Use Planning Act (LUPA) Act No 3 of 2014

The new provincial Land Use Planning Act (LUPA) was approved on 31 March 2014 and gazetted on 7 April 2014 and replaces the LUPO (1985). LUPA brought planning legislation in the Western Cape in line with the Constitution of South Africa and SPLUMA (2013), as well as ensure the effective integration of planning activities across the provincial and municipal governments.

The new provincial legislation, read with the SPLUMA requires a municipality to have a Municipal Land Use Planning By-Law that will regulate aspects and land and building development management, including the provision of engineering services for land development and the application of Development Charges. Sections 40(3), 40(5), 40(12) and 48 of the LUPA empowers municipalities to require Development Charges.

3.3 By-Law on Municipal Land Use Planning

As LUPA, SPLUMA and the Policy Framework for Municipal Development Charges, Final Draft, has stated, Development Charges may be levied in conjunction with a Municipal By-Law. Section 83 of Drakenstein Local Municipality By-law on

Municipal Land Use Planning, 2018 published PN 47589 in PG 7983 of 28 September 2018 states that:

3.3.1 The applicant must pay Development Charges to the Drakenstein Municipality in respect of the provision and installation of external engineering services;

3.3.2 These external engineering services for which Development Charges are payable must be set out in a policy adopted and annually reviewed by Drakenstein Municipality; and

3.3.3 The Development Charges imposed are subject to escalation at the rate calculated in accordance with the policy on Development Charges.

3.4 **Zoning Scheme Bylaw** Sections 66, 77, 98, 106, 117, 129, 139, 148, 165 and 175 allows the Municipality to impose development charges under certain circumstances.

3.5 Other Legislation

There are various other legislation and documents such as Cost Liability for Bulk Services in the Cape Province prior to the LUPO (1985), Venter Commission Report 1984, Provincial Guidelines 1996, the Municipal Systems Act of 2000, the Municipal Finance Management Act of 2003, the Municipal Property Rates Act of 2004, Municipal Fiscal Powers and Function Act and the Constitution, which determine what the Municipal, Provincial and National responsibilities are in terms of service delivery. All of these deal in varying degrees with the ability of local authorities to recover costs for service provision and sustainable service delivery.

An amendment to the National Municipal Fiscal Powers and Functions (MFPFA, 2007) will give legal force to the current final Draft National Policy Framework for Municipal Development Charges (National Treasury, 2011).

3.6 Frameworks, Policies and Plans

Drakenstein Municipal Spatial Development Framework
SPLUMA requires that the future demand for housing and related infrastructure requirements are addressed in an SDF.

As stated in the SDF the availability of infrastructure capacity in the short to medium term puts a limitation on development of land within the urban edge. Limitations in the capacity of the bulk infrastructure networks of the municipality

will impact on the time frames for development of land parcels, identified as suitable for development. The SDF includes prioritization of development options for the short, medium and long term, but ultimately the implementation of this plan is dependent on the municipal budget allocation.

Section 6.2.4 of the Spatial Development Framework addresses the rights the Municipality has to charge a Development Charges.

4. OBJECTIVES OF THE DEVELOPMENT CHARGES POLICY

4.1 The desired outcome of this Development Charges policy is to:

4.1.1 recover the portion of the capital cost of infrastructure that is attributable to developments; and

4.1.2 enables the provision of infrastructure in a timely and sufficient manner to support land development.

4.2 The strategic intent of this policy is to ensure the financial sustainability of the Drakenstein Municipality through the definition and confirmation of a Development Charge on any new development or land use rights application that increases the load on municipal external infrastructure.

4.3 The equitable and efficient financing of the costs of infrastructure to accommodate new developments is also an important contributor to the creation of a more inclusive City. There are also environmental benefits that will flow from the implementation of this policy as inadequate infrastructure creates negative impacts on ecosystems and environmental quality.

4.4 This policy provides the key details of Drakenstein Municipality's Development Charge. These are, firstly, that it is a once-off capital amount paid to cover the costs of the additional infrastructure that Drakenstein Municipality is obliged to provide. Secondly, the trigger for determining whether or not a Development Charges must be paid is a land development application. Thirdly, the basis on which the amount of a Development Charge is calculated is the increased impact that a new or changed land use will have on the existing infrastructure.

4.5 The policy identifies the conditions under which such a charges becomes payable, the manner in which the amount is calculated and the administrative procedures for making the payment. The Development Charges is calculated

over and above any other obligations that a developer may incur in terms of applicable legislation.

5. DEALING WITH VARIOUS LEVELS OF DEVELOPMENT

In terms of the engineering services provided, a property may be fully developed, partly developed or not developed at all. The proposed development or change in land use requires an unambiguous definition of the status quo level of development in order to derive a justifiable Development Charges The approach taken by Drakenstein Municipality keeps to the requirements of SPLUMA and LUPA and considers the recommendations of the Provincial Guidelines (1996) by ensuring equal treatment for the existing and new residents.

Three approaches are defined in order to deal with the level of development as set out below.

5.1 Greenfields Developments

A development is defined as a "greenfields" development, if there are no bulk engineering services to the property for future development. Thus, the developer will be required to finance the internal and external (bulk) services to his development in order not to place any burden on the existing rate payers. Figure 5-1 provides a graphic representation of the approach for greenfields developments.

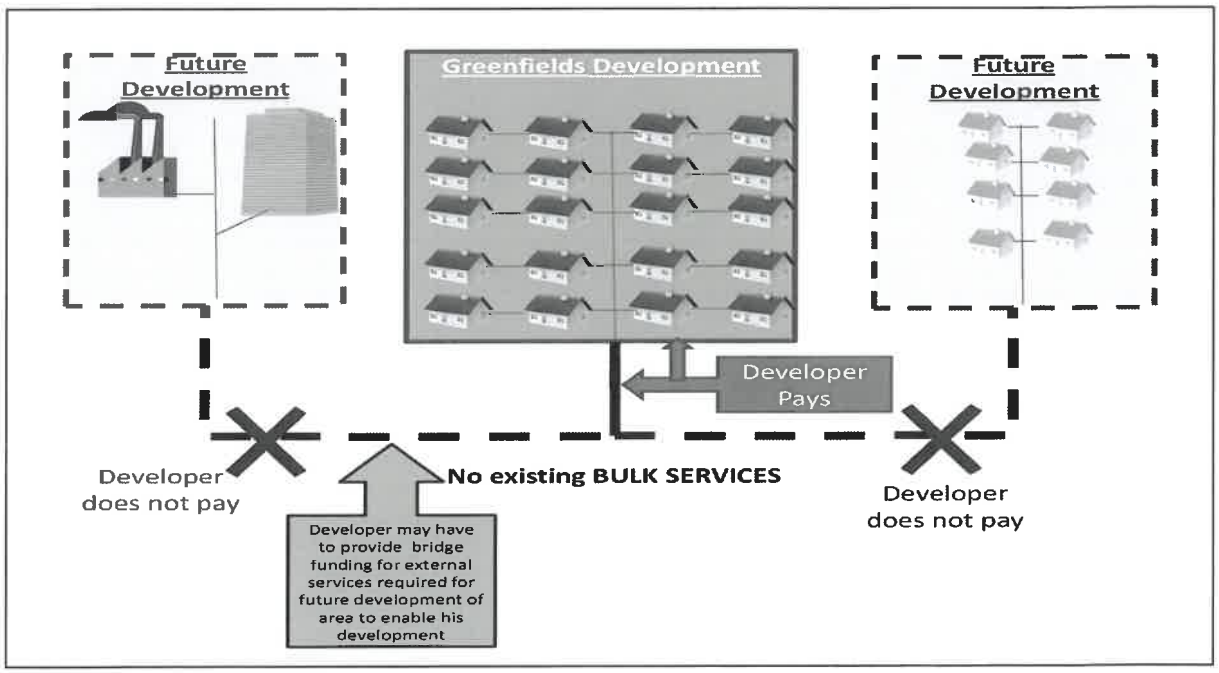

Figure 5-1: Approach for a Greenfields Development

5.2 Brownfields Development with Sufficient Bulk Services Capacity

A development is defined as a brownfields development if all the bulk services for future development have been installed according to Drakenstein Municipality's development planning for an area. Therefore, the existing bulk services do not require upgrading for the specific proposed development i.e. bulk services have sufficient capacity to service the proposed development and potential future developments. Drakenstein Municipality and thus the existing rate payers have already paid for the required bulk services for the proposed development and the developer must now contribute towards the cost of the bulk services to his development based on a unit rate of usage, so that Drakenstein Municipality can recover some of its costs.

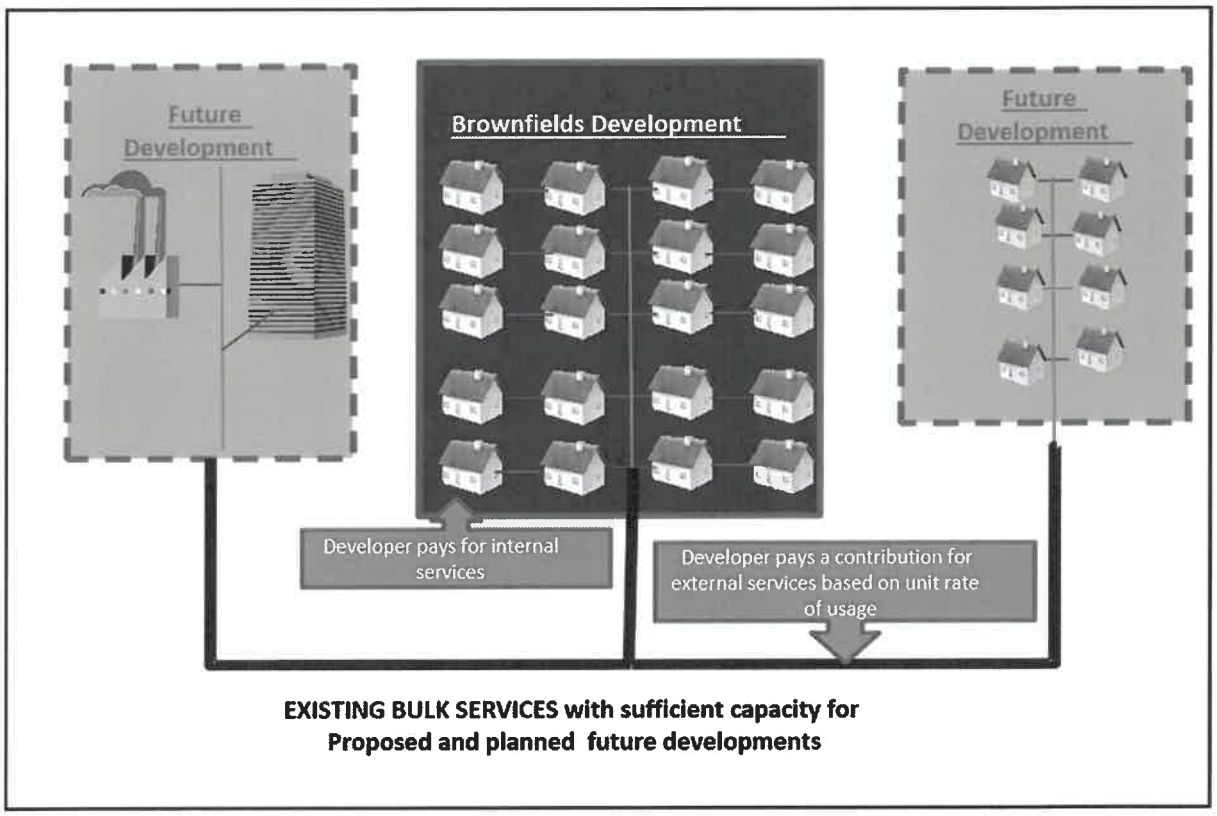

Figure 5-2: Approach for a Brownfields Development with Sufficient Bulk Services Capacity

5.3 Brownfields Development with Insufficient Bulk Services Capacity

In many cases, bulk engineering services have been installed in an area but the capacity is insufficient to adequately service the proposed change in land use or

proposed development. The same question as with the" greenfields" scenario then arises and requires an answer:
Are the external services required for the proposed development part of the local authority's development planning for the area?
If the answer to this question is **"yes",** then Drakenstein Municipality will need to carry the cost of the installation of the services for the entire area and the developer only needs to carry the cost of the upgrade or installation of external and internal services (if the municipality takes over the services) for his development. However, the timing for the development of the area also comes into question, because the proposed development may be in line with Drakenstein Municipality's eventual development programme objectives, but Council may not wish to implement the development programme at present but only in the future due to other more pressing obligations or financial constraints. In such a case, the developer may be required to provide "bridge" funding for servicing the entire area not just its own development, in order to proceed to develop its property.

If the answer is **"no"** to the above question then Drakenstein Municipality is under no obligation to provide or upgrade municipal services and must decide whether it will allow the development. If the development is allowed by Council, the developer who still wishes to develop outside Drakenstein Municipality's development programme, will have to fund the entire services (external and internal) to enable the development. If Drakenstein Municipality takes over the internal services of the development, it will have to pay a rebate on tariffs for the service infrastructure to the developer according to the stipulations in the Services Agreement. For many private developments such as security housing estates, the infrastructure for engineering services are not taken over or operated by the Drakenstein Municipality. In these cases the developer carries the full capital, operational and maintenance cost of the internal services.

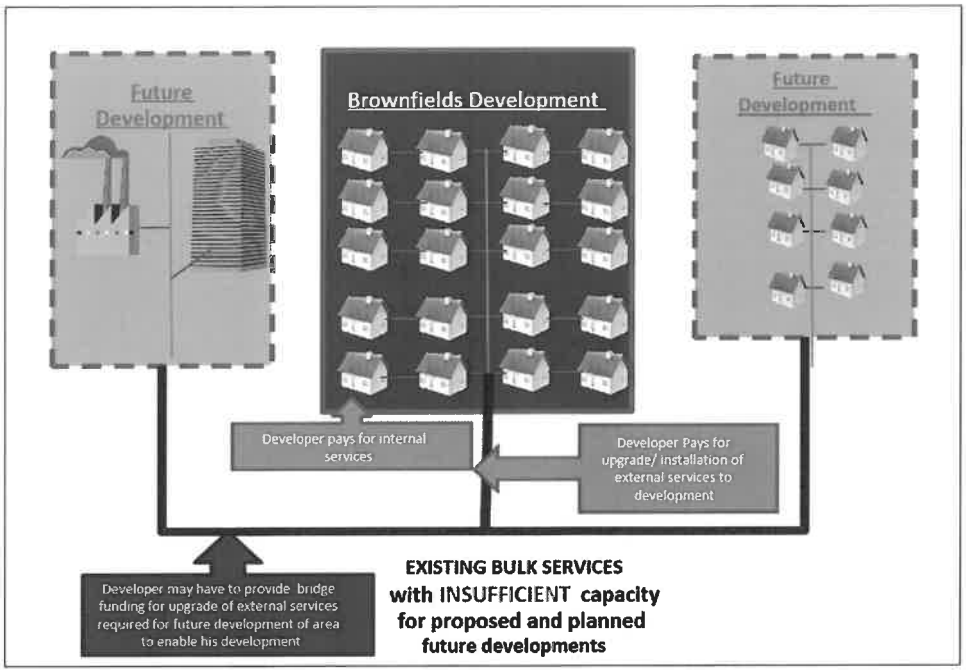

Figure 5-3: Approach for a Brownfields Development with Insufficient Bulk Services Capacity

5.4 Development Charges apply to the following application types:

5.4.1 Rezoning applications:

a) Rezonings to subdivisional area or equivalent zoning that enables rezoning and simultaneous subdivision of the land and which is typically required for new development or urban infill development;

b) Rezoning of land from one zone to another in order to change the permitted land uses on the site; and

c) Rezonings from one subzone to another in order to increase the permitted floor space.

5.4.2 Subdivision applications where the number of dwelling units increases as a result of the subdivision, or where the subdivision application results in the increase of floor space or GLA.

5.4.3 Permanent departure applications:

a) Applications to increase the permitted Floor Space, GLA, number of occupants or number of rooms; and

b) Applications to increase permitted Coverage.

5.4.4 Consent use applications (in terms of the Zoning Scheme) where the change in land use is deemed by Drakenstein Municipality to result in additional utilisation of infrastructure.

5.4.5 Any application for the amendment of conditions of a previous approval where the condition limited the land use, Floor Space, GLA or Coverage.

5.5 Development Charges will not apply to the following land development applications, which are deemed to have no significant impact on provision of external infrastructure:

5.5.1 Rezoning applications to a less intensive zone, i.e. where one land use (primary or consent use) is replaced by a different land use with similar or lesser infrastructure utilization impacts for all services.

5.5.2 Subdivision applications where no additional development rights are created or which do not result in additional loading onto external infrastructure.

5.5.3 Permanent departure applications for building lines or height or other similar parameters, which do not lead to an intensification of land use.

5.5.4 Temporary departure applications where rights are granted on a temporary basis: provided that,

a) temporary departures may only be granted if the infrastructure impact of the temporary use is the same or less than the existing use; and

b) if the Municipality does not have sufficient spare capacity available to accommodate the application for the temporary departure it will not be approved.

5.5.5 Consolidation applications that are not accompanied by rezoning or additional rights application. Consent use applications which have a similar or lesser impact on infrastructure utilization than previous rights applicable to the property.

5.5.6 Applications to change land use to one of the following land uses, up to the extent indicated and using the definitions set out in this policy:

a) early childhood development center's within approved local economic development overlay zones as indicated in the zoning scheme, up to 40 children per erf;
b) home occupation up to 50m2 per erf;
c) home childcare, up to six children per erf; and
d) bed and breakfast establishment up to the first five bedrooms of an existing dwelling.

6. DEFINING BULK SERVICES

It is important for the application of the Development Charges Policy that the meaning of what exactly "Bulk Services" entail, be clearly and unambiguously defined.

6.1 Definition of Bulk Services

Bulk services, are defined for the purposes of this document according to the definition of the Provincial Administration Guidelines (Provincial Administration WC, 1996):

"External services comprise the design, provision, installation and commissioning of engineering services, including roads and streets, outside the boundaries of the township with adequate capacity to provide services and access to the township and to which the internal services connect at points as agreed between the parties, and in absence of an agreement as determined by the relevant authority. External services also include inter alia the following:

6.1.1 All traffic signs;

6.1.2 Main roads within the township to which the relevant authority will not permit direct access to the erven in the township;

6.1.3 Widening of street reserves/ carriageways to serve the needs outside the township (including the process of land acquistion, but only to the extent that such reserve/ carriageway is widened;

6.1.4 Main services within the town to which the relevant authority will not permit erf connections;

6.1.5 Internal services which have to be enlarged to serve more than one township and to which erf connections are still permitted, but only to the extent that the service is enlarged and adapted to serve the need outside the township;

6.1.6 Bulk services as defined include water rights for bulk water supply, as well as land that has been purchased for the construction / installation of bulk services; and

6.1.7 *Link services that will not be for the exclusive use of the township/ d development in question, but also used by other township(s)/ developments."*

It should be noted that only the bulk services portion is covered by the Development Charges, while SPLUMA requires that developers provide internal and link services as part of the conditions of development approval.

6.2 Description of Bulk Services

The standard list of municipal services for which Development Charges may be charged are those defined as a bulk service, which is a subset of the following external engineering services as defined in the SPLUMA:

6.2.1 Water;

6.2.2 Sewerage;

6.2.3 Municipal roads;

6.2.4 Stormwater; and

6.2.5 Solid Waste.

Note that electrical service are excluded from this definition as its Development Charges are calculated separately by Drakenstein Municipality's Electrical Department.

The following descriptions apply to the bulk services defined in this document:

6.2.6 Water Services (Bulk water services includes):

a) Water purification works;

b) Regional water connections;

c) Supply pipes to reservoirs;

d) Communal water towers;

e) Pump stations;

f) Reservoirs;

g) Pressure Reducing Valves(PRV);

h) Booster pumps; and

i) Distribution mains. A distribution main is a water pipe distributing water from a reservoir or tower to one or more townships or developments and may be within or outside the boundaries of a township or development and usually has no erf connections leading from it and limited connections to the water distribution network. Distribution mains are the main feeder pipes to a network.

6.2.7 Sanitation Services (Bulk sanitation or sewerage services are described as):

a) Wastewater treatment works;
b) Rising mains;
c) Sewer pump stations; and
d) Outfall sewers. An outfall sewer is a sewer that conveys sewage or wastewater from one or more township or development to the WWTW. Sewers within the boundaries of a township or development but also serving other existing or proposed townships or developments as well as the township or development concerned and to which erf connections are usually not made, are considered to be a bulk service, but only to the extent that the sewers have to be enlarged or adapted to provide capacity for the requirements outside the township or development.

6.2.8 Roads/ Transport Services (Arterial and collector road services are described as):

a) Class 2, Class 3 and Class 4 roads that are bulk feeders serving the area as a whole;
b) Bridges;
c) Cycle lanes;
d) Road furniture;
e) Minor stormwater systems along class 2, 3 and 4 roads
f) Sidewalks; and
g) Traffic lights.

6.2.9 Stormwater Drainage Services (Bulk storm water services include):

a) Outfall culverts;
b) Outfall canals that convey storm water from more than one township or development;
c) Storm water detention facilities, detaining storm water from more than one township or development;
d) Junction boxes and structures necessary to convey storm water from more than one township or development; and
e) Collector pipes that convey storm water from more than one township or development i.e. 'through pipes'.

6.2.10 Solid Waste Services (Bulk solid waste services are described as):

a) Landfill sites;

b) Composting sites; and
c) Transfer, sorting or handling stations.

6.3 Design Standard of Bulk Services

It is important to clearly specify the design standard of services that are required by Drakenstein Municipality for bulk Infrastructure. Table 6-1 lists the design standard of services that apply to the installation of bulk Infrastructure:

All bulk engineering services must be designed in line with Drakenstein Municipality: Civil Engineering standards as well as the Redbook.

Table 6-1 Standard of Service Applicable to Bulk Infrastructure

Services	Applicable Design Standards
Water	"Red Book" Chapter 9
Sanitation	"Red Book" Chapter 10
Roads/Transport	"Red Book" Chapter 7 and 8 Department of Transport, Chief Director Roads RR922/228, South African Trip Generation Rates 2nd Edition Committee of Transport Officials, TMH 17, South African Trip Data Manual Version 1.01, September 2013.
Stormwater	"Red Book" Chapter 6 US Department of Transport, Federal Highway Administration, Publication No. FHWA-NHI-01-021, URBAN DRAINAGE MANUAL
Solid Waste	"Red Book" Chapter 11 SANS Code of Practise, SANS 0248:1993, Department of Water Affairs (1994), Waste Management Series. Minimum Requirements of Waste Deposal by Landfill

* Over and above the use of the above mentioned, Drakenstein Municipality Civil Engineering Standards must also be taken into consideration when designing civil engineering services.

7. DETERMINING THE DEVELOPMENT CHARGES

According to the legal framework, Drakenstein Municipality and the Developer should agree (based on the formula) with a formal services agreement (where provision of

bulk and link services by the developer is required), the quantum of the Development Charges payable by the Developer for each type of bulk engineering services required for the development.

In the absence of such an agreement, the contribution is determined, unambiguously, by the formula on the following page in accordance with the Provincial Guidelines (1996). The applicable unit loading tariffs calculated per service type is published in the Annual Municipal Tariffs.

Nett Contribution Payable by Developer:

$$W_{nett} = n\left(\frac{K_E}{E_{pE}} - \frac{L}{E}\right)$$

Where:

W_{nett}	=	Nett Contribution payable by Developer (i.e. bulk services contribution payable minus rebate from Local Authority for outstanding loans on internal services)
n	=	Total number of units of consumption, flow or usage regarding the development and respect to that particular type of engineering service (e.g. kl/day, trips/ day etc.)
L	=	Total Outstanding loan debt (R) with respect to that particular type engineering services for town / city (internal and external) ($L = L_E + L_1$)
E	=	Total number of units of consumption, flow or usage as at present in the existing municipal area/ city with respect to that particular type of engineering services

8. DERIVING THE UNIT COSTS PER SERVICE

Drakenstein's municipal area is divided into the following sub-developmental areas. Development Charges unit costs according to the Provincial formula is derived for each of these areas for each of the infrastructure services (i.e. water, sanitation, storm water, roads, solid waste):

8.1 Paarl Area (comprising Paarl, Mbekweni and Wellington including Pearl Valley, Simondium, Boschenmeer and Val-de-Vie);
8.2 Gouda;
8.3 Saron;
8.4 Hermon; and
8.5 Surrounding rural areas within the jurisdictional area.

A Development Charges Calculator (software) was developed to calculate the Development Charges applicable for developments using the determined unit costs.

Drakenstein Municipality's unit costs for the total municipal area for each financial year is published in its annual tariffs and used for determination of all Development Charge calculations.

9. CALCULATION OF THE DEVELOPMENT CHARGES

The last step in determining the Development Charges payable by a Developer, involves using all the information obtained or assumed and the subsequent unit costs and actually calculating the Development Charges levy, given the "n" number of units of consumption for a specific development as illustrated in Figure 9-1 below:

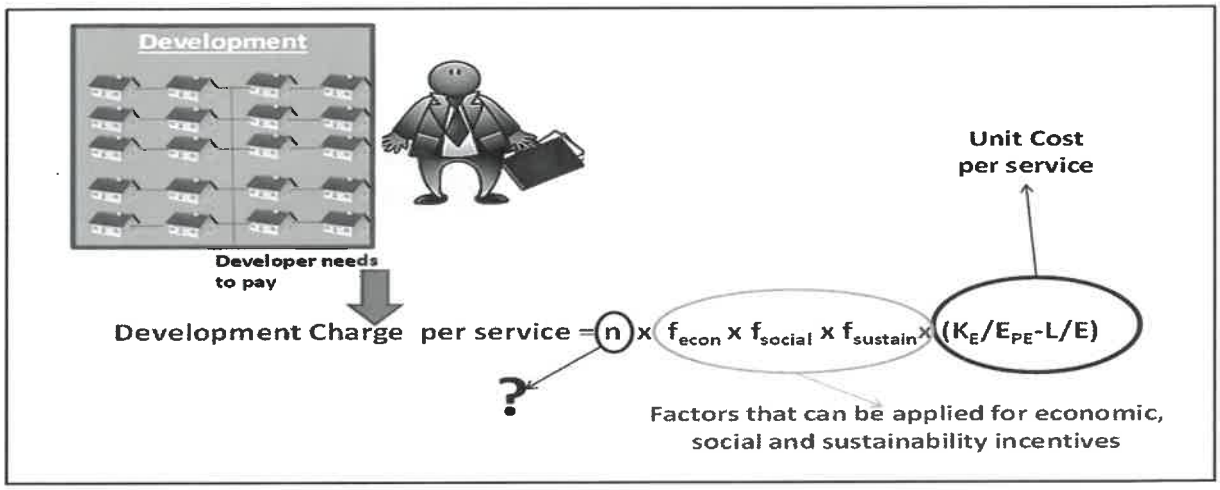

Figure 9-1: Calculating the DC for a development

"n" is the number of units of consumption of the development for each specific engineering service. It follows that "n" will have to be determined for each development in a consistent and appropriate way for the applicable land use. Annexure A summarises the demand and units to be used for each defined land use category.

These unit demands are based on the design guidelines "Red Book", specifications of the Drakenstein Municipality Civil Engineering Services department and the Electrical Services department. The land –use categories were specified by the Drakenstein Municipality Civil Engineering Services.

It should be noted that where the DC is calculated based on actual impact, rather than by the standard unit impact (n), the cost of this exercise is to be covered by the developer.

Drakenstein Municipality may enforce payment of a Development Charges through withholding of any approval or clearance that it has as the authority to issue in terms of any other legislation, and for this purpose:

9.1 This policy framework and associated regulations shall be considered to be an applicable legal instrument in terms of section 7(1)(a) of the National Building Regulations and Standards Act (No 103 of 1977 as amended) and no certificate of occupancy referred to in section 14 of that Act shall be issued until all Development Charges liabilities associated with a property have been paid in full; and

9.2 A Development Charges shall be considered as a municipal service fee in terms of section 118 of the Municipal Systems Act (no. 32 of 2000, as amended) and subject to the credit control measures contained therein.

10. SUBSIDIES, EXEMPTIONS AND REBATES

10.1 As stated in the various legislation in subsection 3, Drakenstein Municipality should seek to:

10.1.1 Minimise the number and value of any subsidies or exemptions it provides for the payment of Development Charges liabilities; and

10.1.2.1 Apply any subsidies, exemption or surcharges in an equitable, transparent and administratively feasible manner.

Exemptions from Development Charges will negatively affect the ability of the Municipality to provide infrastructure in a sustainable manner if no alternative funding is provided to compensate for the shortfall created by exemptions.

10.2 Developers will be allowed to apply and motivate for exemption and/or rebate for approval from Council for the following types of developments:

10.2.1 Low Cost Housing or Breaking New Ground projects;
10.2.2 GAP housing; and
10.2.3 Special social upliftment projects.

Developments that are outside the urban edge along Provincial roads are also liable to pay a Development Charge. Paying of these Development Charges may be postponed at the time of the application if there are no Municipal infrastructure, subject to this being a condition of approval in the Planning application and is covered in the Service Level Agreement, but the Development or Home Owners Association will be held responsible to pay the amounts due at such time when infrastructure are provided and

the value of the Development Charges is recalculated in terms of the applicable escalation rates at that specific point in time

All developments outside the urban edge will be liable to pay a reduced tariff of the contribution towards the Roads and Storm water component as reflected in Table 10.1 below.

Table 10-1 Development Charges payable for Roads and Stormwater

Distance* outside Urban Edge	% DC payable
<3km	80%
3-5km	60%
5-7km	40%
>7km	20%

*Distance is measured as the shortest straight line from the development's edge to the closest urban edge boundary

10.3 Drakenstein Municipality's Council will only provide a subsidy or exemption to the payment of a Development Charges if it:

10.3.1 In the case of a private developer using privately owned property for GAP housing purposes, they may apply to Council for the GAP housing exemption;

10.3.2 In the case of registered non-profit organisations developing social development projects that is beneficial to the community;

10.3.3 If the Municipality calculates the full Development Charges liability prior to authorising or providing the subsidy or exemption;

10.3.4 Has made projections regarding revenue to be forgone for a financial year in relation to all exemptions, rebates and reductions and reflected these in its budget;

10.3.5 Has made a budgetary provision for the realisation of the associated revenue forgone from another realistically available source of revenue;

10.3.6 Ensures that the value of the subsidy or exemption together with any other payments by the land owner or other parties is at least equal to the calculated Development Charges liability; and

10.3.7 Discloses the value of subsidies and exemptions provided in its annual report.

No relief may be granted in respect of the payment of Development Charges to a category of properties or a geographical area other than by way of an exemption provided for in this policy.

No relief may be granted in respect of the payment of Development Charges to an owner of property or properties on an individual basis unless it is in compliance with a Council approved policy or resolution.

11 INSTALLATION OF EXTERNAL ENGINEERING SERVICES INSTEAD OF THE PAYMENT OF DEVELOPMENT CHARGES

11.1 The Municipality may agree with a developer that the developer installs all or part of the bulk engineering services required for an approved land development instead of the payment of the applicable development charge. Such agreements will be formalized in a Service Level Agreement.

11.2 Where a developer installs bulk engineering services to the technical standards required by the Municipality, as reflected in the applicable conditions of approval of the land development application or as agreed with the Municipality in writing, the developer may set off the fair and reasonable cost of such installation, as determined by the Municipality, against the applicable development charges

11.3 Any capital infrastructure assets forming part of an bulk engineering service installed by a developer instead of payment of any part of a development charge shall, upon installation, become the property of the Municipality, and

11.3.1 the developer shall bear the responsibility of ensuring that ownership or other relevant rights affected capital infrastructure assets is or are transferred to the Municipality; and

11.3.2 the Municipality must include the applicable capital infrastructure asset gain in its next adjustments budget, in accordance with regulations relating to asset gains, made in terms of the Local Government: Municipal Finance Management Act 56 of 2003.

11.4 The Municipality may require that a developer installs bulk engineering services to accommodate a greater capacity than that which would be required for the proposed land use alone in accordance with any master plan approved by the Municipality, in order to support planned future development in the vicinity of the approved land development. Where the total fair and reasonable

cost of installation of such required external engineering services exceeds the development charge payable by the developer, the Municipality may reimburse the developer the amount in excess of the development charge if the Municipality is financially capable of doing so and such reimbursement cannot exceed a period of 3 financial years. Any longer period of reimbursement must be approved by the Council. Such reimbursement shall be in accordance with a written agreed payment schedule, provided that such infrastructure has been provided for in accordance with an approved master planning program for such service and which has been approved as a capital project in terms of the budget of the Municipality and the availability of funding.

11.5 When a developer installs external engineering services instead of payment of a development charge, he or she must adopt the most cost-effective and efficient approach to meet the Municipality's technical standards. When a developer installs external engineering services on behalf of the Municipality, the developer shall be obliged to comply with Chapter 11 of the Local Government: Municipal Finance Management Act, 56 of 2003 as far as the procurement of goods and services is concerned.

11.6 In terms of 11.5 above, the developer shall ensure that a competitive open tender process is followed and that at least 3 tenderers provide cost to complete the required bulk infrastructure upgrades as agreed between the developer and the Municipality and confirmed in the Service Level Agreement.

11.7 On receipt of official tender submissions and the tender evaluation, the developer shall appoint a 3rd party consulting engineer as approved by the Municipality to verify that the rates of the approved tender is market related.

11.8 Developers may be required to install bulk engineering services in lieu of the payment of Development Charges to Council. On occasion the cost of the installations exceeds the Development Charges due and Council may from time to time be required to contribute to the installation of said service from its Development Charges funding source. This will be on a case by case basis and such payments can only be managed by means of a Deviation process in terms of the applicable Supply Chain Management processes of the Municipality.

12 ADMINISTRATION

The Executive Director: Engineering Services is responsible for calculating and issuing applicants with a quotation/invoice for any Development Charges that may be payable by the Developer.

Records will be kept by the Construction Approvals and Development Applications section of all quotation/invoices issued per financial year.

All Development Charges received shall be allocated to specific municipal votes per service, however the Engineering Department reserves the right to utilize funds for specific bulk service engineering projects.

In order to implement this policy, the following implementation procedures will apply and have to be prescribed in the appropriate by-law:

12.1 Information required from the developer to calculate Development Charges

In terms of the applicable legislation, Drakenstein Municipality may require from the developer any information necessary for it to evaluate an application. This includes information that will enable it to calculate the required Development Charge. These details, however, will vary according to the type of land use change envisaged as well as the scale of the proposed project.

12.2 Application procedure

12.2.1 Land development applications must be submitted to the Land Development Management Division. The applicant will be informed at this stage that Development Charges may have to be paid and will be assisted by the Municipality in understanding what would constitute bulk and link external engineering services in the context of the particular development.

12.2.2 A Department may impose conditions relating to the development and, in particular, conditions relating to Development Charges which must include conditions relating to the time periods within which payment or payments must be made.

12.2.3 The final Development Charges must be reflected in the calculation and form part of the conditions to be approved.

12.2.4 The applicant may appeal the condition pertaining to the development charges as in terms of the Bylaw, which will be considered by the Appeal Authority for a final decision.

12.2.5 The Appeal Authority's decision in respect of development charges will be binding in terms of the Bylaw.

12.3 Payment of Development Charge

Payment shall be made as follows:

12.3.1 in the case of subdivision of land, prior to the issuing of a subdivision clearance certificate which would allow transfer of first unit, or registration of a CRT, unless the conditions of approval indicate otherwise;

12.3.2 in the case of an application where no subdivision is required and where the intended development requires approval of a building plan, prior to approval of building plans unless the conditions of approval indicate otherwise;

12.3.3 in the case of any application where no subdivision clearance or subsequent building plan approval is required, prior to commencement of any activity on site pursuant to the application.

The Municipality may withhold any approval or clearance in terms of Planning or Building Control legislation where a developer has not complied with his or her Development Charge liability.

In large and/or complex projects, the Municipality may approve a development in phases thereby allowing Development Charges to be paid on commencement of each approved phase.

Where external engineering services are provided *in lieu* of Development Charges by the developer, the Municipality may agree to delayed payment of a Development Charge, provided that a Services Level Agreement between Drakenstein Municipality and the developer is signed.

12.4 Use of Development Charges Funds

Development Charges may only be used for capital works.

Once a Development Charge has been paid in full for a specific piece of infrastructure, the Municipality must include that infrastructure development project on the capital budget in the subsequent budget cycle.

13 POLICY REVIEW

This policy should be reviewed when the need to do so arises. Triggers for the review of this policy include situations where:

13.3.1 the engineering service provision responsibilities of the Municipality are amended; and

13.3.2 new technologies arise that affect the capital costs of installing engineering services;

The determination of liability for a Development Charge is an administrative action regulated by law (including the requirements of procedural fairness, lawfulness and reasonableness as provided for in the Promotion of Administrative Justice Act, 3 of 2000) and, in addition, is procedurally subject to the municipal budget process.

This provides scope for annual public consultation. Thus the review of the policy will be incorporated into the annual budget process, in which it will be possible to engage stakeholders with the policy review. Unit rates for the calculation of Development Charges will be published with the Municipality's Annual Budget for consultation and approval by Council.

14. ANNEXURE A: DEMAND PER SERVICE AND LAND USE

LAND USE CATEGORIES	WATER		SEWERAGE		STORMWATER		SOLID WASTE		ROADS	
	Units	Unit Demand Kl/day	Units	Unit Discharge (Kl/day)	Units	c-FACTOR	Units	Tonnes/wk	Units	Trips/ Peak Hour
Accommodation	bedroom	0.2	bedroom	0.1	ha	0.85	bedroom	0.006	bedroom	1.1
Agricultural small holdings	ha	1.5	ha	0.8	ha	0.2	ha	0.08	ha	0.5
Office	100 m^2 of GLA	0.4	100 m^2 of GLA	0.3	ha	0.8	100 m^2 of GLA	0.14	100 m^2 of GLA	2.3
Commercial Retail Regional	100 m^2 of GLA	0.4	100 m^2 of GLA	0.3	ha	0.9	100 m^2 of GLA	0.14	100 m^2 of GLA	5
Commercial Retail Neighbourhood	100 m^2 of GLA	0.4	100 m^2 of GLA	0.3	ha	0.9	100 m^2 of GLA	0.14	100 m^2 of GLA	6
Flat Residential (Low Income)	flat	0.5	flat	0.4	flat	0.7	flat	0.03	flat	1.1
Flat Residential (Med/ High Income)	flat	0.7	flat	0.5	flat	0.7	flat	0.05	flat	1.1
Government & Municipal	100 m^2 of GLA	0.4	100 m^2 of GLA	0.3	ha	0.7	100 m^2 of GLA	0.2	100 m^2 of GLA	2.3
Group Residential (Low Income)	units	0.6	units	0.5	m2	0.7	units	0.04	units	0.3
Group Residential (Med/ High Income)	units	0.9	units	0.7	m2	0.7	units	0.05	units	0.3
Hospitals	bed	0.3	bed	0.1	ha	0.8	bed	0.014	bed	2.1
Industrial Heavy	100 m^2 of GLA	0.4	100 m^2 of GLA	0.2	100 m^2 of GLA	0.9	100 m^2 of GLA	0.021	100 m^2 of GLA	0.9
Industrial Light	100 m^2 of GLA	0.2	100 m^2 of GLA	0.1	100 m^2 of GLA	0.6	100 m^2 of GLA	0.021	100 m^2 of GLA	1.1
Medical Retirement Residential Developments	units	0.9	units	0.7	m2	0.7	units	0.06	units	2
Road Reserves	ha	0	ha	0	ha	0.6	ha	0	ha	0
Schools	pupil	0.02	pupil	0.01	ha	0.5	pupil	0.006	pupil	0.8
Single Residential (GAP Housing)	erf	0.6	erf	0.5	m2	0.6	erf	0.03	erf	0.5
Single Residential (Low Income)	erf	0.6	erf	0.5	m2	0.6	erf	0.03	erf	0.5

LAND USE CATEGORIES	WATER		SEWERAGE		STORMWATER		SOLID WASTE		ROADS	
	Units	Unit Demand Kl/day	Units	Unit Discharge (Kl/day)	Units	c-FACTOR	Units	Tonnes/wk	Units	Trips/ Peak Hour
Single Residential stand area < 500m2(Med/ High Income)	erf	0.9	erf	0.7	m2	0.4	erf	0.05	erf	1.5
Single Residential stand area > 500m2(Med/ High Income)	erf	1.2	erf	0.8	m^2	0.4	erf	0.05	erf	1.5
Sports, Recreation & Parks	ha	15	ha	0.5	ha	0.1	ha	2	ha	0
Vacant	m^2									