

STANDARDISING MUNICIPAL CHARGES FOR NEW DEVELOPMENTS

Draft Municipal Fiscal Powers and Functions Amendment Bill

The Municipal Fiscal Powers and Functions Amendment Bill was released on 8 January 2020 for public comment. The suggested amendments will impact on a developer's financial obligations towards the relevant municipality where a new development is planned as the Bill introduces a standardised system for municipalities that opt to impose development levies as part of the process of approving a developer's land development application. (These levies generally relate to the costs incurred by the municipality to install new infrastructure or upgrading and existing infrastructure that is required to service the proposed development.)

The Draft Bill can be viewed [here](#).

KEY AMENDMENTS (amongst others):

- The establishment of a set structure to determine the amount of development charges to charge in respect of a new development.
- The obligation to adopt a municipal policy on the levying of development charges in a fair and equitable way. This will be based, in part, on a determination of 'standard unit impacts', being the average demand that a development's land use will have on the municipal engineering service. Such levy must be paid prior to any transfer by the developer to a purchaser, unless there was an agreement to the contrary between the developer and the municipality.
- Municipalities must adopt by-laws to give effect to their policy.
- Engineering services agreements must be concluded in respect of approved land developments which necessitates the installation of internal or external engineering services, whether by the municipality or the developer.
- Levies in respect of certain categories of land owners and developments may be subsidised or exempted. For example, infrastructure for poor households will be funded by the fiscus.

COMMENT PERIOD

Interested parties have until the **end of March 2020** to make submission on the draft law.