



A Note from your Rescom



BROADACRES VILLAGE RESIDENTS COMMITTEE

RESULTS OF RESIDENTS RESPONSES TO SURVEY ON ISSUES RELATING TO THE PROPOSED NEW APPROACH TO LEVIES

15 July 2022

Dear Residents,

Thank you all of you that completed the survey on some issues relating to the proposed new levies.

A report on the results is attached for your information.

ResCom is currently working on new proposals for the healthcare and catering levies as well as the overall management costs and will be circulating a survey in this regard shortly.

We have confirmed that any change in approach that requires an amendment to a LRA will be undertaken through a specific addendum. Signature of an addendum will be at the discretion of the resident.

We have also confirmed that the amount of the second person levy is now fixed at R500 per person, with effect from 1 March 2022. This will not change the amount that is included in LRAs signed prior to 1 March 2022. In such cases, the amount paid will remain as contained in existing LRAs subject to escalation at the same rate as the basic levy. Whatever the amount is, it will be reflected separately on the levy statement.

Best,

*Laurraine Lotter
Chairman*

RESULTS OF SURVEY ON ISSUES RELATING TO THE PROPOSED NEW APPROACH TO LEVIES

Note: this survey did not include questions on the level of service for management, health care and catering, these issues will form part of a second survey to be conducted after a number of clarifications are obtained from management. The questions were developed from the discussions which were held with residents.

A total of 99 completed questionnaires was received. The positive responses expressed as a percentage of the total completed questionnaires received are set out in Table 1 below

Table 1

	ISSUE	% positive response	COMMENTS MADE BY RESPONDENTS
1	Response based on understanding that residents will be requested to sign addendums to their LRA, which separately address change of levy cycle date., health care levy and catering levy on the basis that final acceptance is at the discretion of the individual resident.	91	Reservations about user pays model Must be discussion with residents
2	Recognition that this response is based on in principle agreement that Village operations should be run on a breakeven basis and that the burden of cost will be spread over all units.	100	Essential that health care is claimable from Medical aids Control over unnecessary costs (excess staff e.g. Village and HO
3	Developer must continue to pay levies and property rates on unsold units and this payment to be reflected in the budget as income on a monthly as was the case historically	97	Not out business cannot dictate how ELV runs their business

4	Change of date of levy cycle to coincide with the financial year is accepted on the condition that any increase in the levy must be subject to overall approval by residents of the budget on which the levy is based, well in advance of the start of the financial year.	75	Maximum levy increase CPI plus 1.5% Conditional on HO costs being capped at Levy increase to be approved by residents
5	Reflection of the additional person levy on levy statement on a cost neutral basis with effect from 1 March 2023 is accepted provided that any increase of this amount is on the same basis as the basic levy.	93	Provided no change to cost in current LRA Fixed R350 backdated to LRA date
6	Proposals for catering and health care levies to be implemented with effect from 1 March 2023 and to be phased in over 2-3 years in a manner to be agreed with residents, on the understanding that the application of these levies are subject to signature by residents of the relevant addenda to their LRA	84	Can only be answered when a proposal is agreed Neither levy acceptable
7	Imposition of health care and catering levies to be considered on the basis of a person rather than a unit	75	Neither levy acceptable If these costs remain in the levy they are already dealt with by second person levy. If one person in unit they should only pay half of levy increase No health care or catering levy.
8	Level of service and recovery of costs of health care and catering levies to be negotiated with residents.	93	
9	In respect of the health care confirmation that the additional health	90	

	care levy refers only to clinical services and is completely separate from the emergency response, which is included in the basic levy.		
10	Residents to be engaged on overall management cost (with a view to achieving cost savings in management costs) and a consequential reduction in the basic levy.	95	Management cost none of our business
11	Application of CPI to any increase (s) must be clearly set out in the LRA and must the CPI figure published by Statistics SA in January of the new financial year.	95	Already defined in LRA CPI plus 1.5% CPI published by Stats SA in February I agree only to 1 March and CPI annual average as published by Stats SA combined.
12	Operating surplus to be ringfenced for use by the Village	94	

CONCLUSIONS

In general responses reflect concern about the inclusion of separate levies for health care and catering, which is generally not supported. In this regard, the actual cost of these services as well as the high proportion of management costs in the levy cause concern. ResCom is currently working on the challenges presented by this new proposed approach.

While residents understand the need to break even, they are clear that costs must be controlled and that the budget on which levies are based must be agreed by residents. ResCom supports this view and believes that in terms of the House Rules, ManCom has a responsibility to develop a budget that is in line with the principle of partnership between owner/developer and residents.

Current residents cannot be expected to carry the cost burden of unsold units. It is therefore necessary that any losses incurred by the lack of levies from unsold units will be paid by the developer, which has essentially been agreed. It is recognised that the developer's concerns that as units are sold during a financial year, levy payments will be taken over by the purchaser, thus reducing the obligation of the developer in this regard. At the end of the financial year an adjustment can be made to ensure that the developer is not contributing unfairly to a surplus at year end.

It has been confirmed that where levy increases have been capped in some way in, the current approach included in specific LRA s will be continued.