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## **CASE STUDY ON NASHO'S SUCCESSFUL ADVOCACY FOR A 40% REBATE ON RATES AND TAXES FOR SOCIAL HOUSING LANDLORDS IN JOHANNESBURG**

### **INTRODUCTION**

The National Association of Social Housing Organisations (NASHO) is a non-profit federation of Social Housing Institutions and other Social Housing sector stakeholders. NASHO's primary objective is to assist in building a strong and sustainable social housing sector in South Africa with Social Housing Institutions (SHIs) at the heart of the delivery.

This case study explores how NASHO successfully lobbied for a 40% rebate on rates and taxes for Social Housing Landlords (SHLs) in the City of Johannesburg's Rates Policy for 2023/2024.

### **THE ADVOCACY PROCESS**

NASHO recognised the importance of engaging with the City of Johannesburg before and during its annual rate comments process.

#### **Engagements with COJ before rates comments process**

Six months, before the start of the 2023/2024 City financial year, NASHO and its Johannesburg-based members secured a meeting with the City's MMC for Finance to present our case for the social housing sector. During these discussions with the MMC of Finance and Head of Department we presented the case for social housing, presented the current number of social housing landlords in the city's jurisdiction, the number of households affected, explained that social housing is a government housing programme, the programme and its delivery agents are regulated, and most importantly the burden of high rates and taxes on the institutions and the end beneficiaries of social housing, the tenants and the City's responsibilities towards social housing landlords and its residents.

With buy in from the MMC of Finance, we could then engage with the officials directly thereafter.

#### **Engagements with COJ during the rates comments process**

Stakeholder buy in and support within the City, was critical and we had identified the City's Human Settlement Department as a key stakeholder who we wanted on our side. We engaged the City's

Human Settlement Department to get buy it and included them in our comments and communications with the rates department and the City's Human Settlement Department supported our submission.

The rates comments process allows the City's residents and organisations like NASHO to formally submit input and recommendations for consideration by the City's in their rates policy.

NASHO actively participated in public participation roadshow held by the City and made oral submissions at every opportunity. In addition, NASHO also made a formal written submission to the City.

After our formal submission, NASHO maintained open lines of communication with the City's Revenue Management department and officials in the Human Settlement Department. Through gentle emails and conversations, NASHO sought to build relationships and garner support for our proposals.

To streamline the process and ease the administrative burden for the City's officials, NASHO provided **detailed suggestions for the exact wording of the rates policy**. By doing so, the team ensured that the City could incorporate their recommendations with minimal modifications. The City ended up adopting approximately 90% of NASHO's wording in their 2023/24 Rates Policy.

NASHO strategically avoided proposing a new rates category or instrument for SHLs. Instead, a percentage discount or rebate on rates and taxes was proposed within an existing "classification of property owners – Registered Social Landlord". This approach was chosen to simplify the implementation process for City officials. This approach was deemed as best as NASHO was aware that introducing a new rates category or a new rebate for a new class of property owners could potentially create additional challenges and bureaucratic hurdles.

City of Johannesburg, had an existing rebate for categories for properties called "Registered Social Landlords" which was linked to the City's Registered Social Landlord Policy. This is an old policy primarily for the benefit of Public Benefit Organisations, or registered non profit organisations..... which meet the requirements of welfare and humanitarian activities in terms of Section 30 of the income tax act. These two requirements by design excluded the majority of Social Housing Landlords operating in the City.

**(11) Registered Social Landlords**

- (a) The category comprises properties owned by individuals or entities designated as Registered Social Landlords under the Registered Social Landlord Policy of the City.
- (b) The requirements are as follows: The property must comply with the conditions contained in the Registered Social Landlord Policy.
- (c) The rebate is as follows:
  - (i) 40% of the current monthly rates
  - (ii) If a Public Benefit Organisation, registered as a non-profit organisation in terms of Section 30 of the Income Tax Act, provides services on a property which meet the requirements of welfare and humanitarian services as defined in the Schedule of the Act and is designated as a registered social landlord, the rate applicable to a Public Benefit Organisation shall apply.

*Extract of City of Johannesburg 2022/2023 Property Rates Policy*

Within the existing envelope of “Registered Social Landlord” NASHO managed to lobby and successfully have social housing included explicitly in the rates policy for 2023/24 Policy.

**RESULTS AND IMPACT**

The City of Johannesburg approved the proposal for a 40% rebate on rates and taxes for SHLs. This decision was reflected in the 2023/24 Rates Policy, marking a significant win for NASHO and its members. The rebate not only reduces the financial burden on SHLs but also supports the broader goal of expanding affordable housing options in Johannesburg.

**(11) Registered Social Landlords**

- (a) The category comprises properties owned by individuals or entities designated as Registered Social Landlords.
- (b) The requirements are as follows: The property must comply with the conditions contained in the Social Housing Act (No.16 of 2008).
- (c) The rebate is as follows:
  - (i) 40% of the current monthly rates.
  - (ii) If a Public Benefit Organisation, registered as a non-profit organisation in terms of Section 30 of the Income Tax Act, provides services on a property which meet the requirements of welfare and humanitarian services as defined in the Schedule of the Act and is designated as a registered social landlord, the rate applicable to a Public Benefit Organisation shall apply.

*Extract of City of Johannesburg 2023/2024 Property Rates Policy*

**CONCLUSION**

NASHO's successful advocacy for a 40% rebate on rates and taxes demonstrates the power of collaboration between non-profit organisations and government entities. By leveraging existing processes, establishing effective communication channels, providing detailed suggestions, and

avoiding overly complex requests, NASHO was able to achieve a favourable outcome for its members and the broader community.

We hope by documenting this process as a case study and outlining some of the small nuances and tips and tricks in lobbying the City of Johannesburg, the NASHO membership and broader community will use this as a guide in engaging with their local municipalities.