

4 Grotto Way
Hout Bay
7806

23 August 2018

Dear Richard,

I refer to the minutes of the meeting of eight property owners from Oakwood Estate held at 9 Oakwood Lane on 15 August 2018 to discuss Oakwood Hughenden Meadows Community Improvement District (OHMCID).

It is disappointing that having posted proper notice of the public meeting for the purposes of informing all attendees of relevant information pertaining to the application to establish OHMCID, and to discuss the practical implications relating thereto, and having circulated the business plan in advance of the meeting, that no property owners from Oakwood Estate attended the meeting. Had property owners attended this meeting their concerns could have been addressed properly by the steering committee and the City of Cape Town.

It is clear from reading these minutes that there are a number of misunderstandings that I will address here but would have been better addressed at the public meeting.

Let me first answer some of the concerns and then deal with the substantive proposal that resulted from this meeting. Finally, I will make some suggestions as to how we move forward with regard to property owners consenting or objecting to the creation of OHMCID.

Concerns Raised

- 1) That the proposed SRA budget is approximately R980 000 to cover 190 homes with the primary focus being on security. Our levy budget comes to a similar amount but only cover 30 homes. This budget cannot meaningfully improve security.

It is correct that some 60% of the budget for OHMCID will address public safety issues. It is however not correct to suggest that improved security for the whole of the OHMCID will not have a positive impact on security of the Oakwood Estate. You will be aware that there is a safety and security plan for the OHM area based on international standards and structured around “detect, delay, respond” principles. This seeks to identify threats as far away from the target as possible, to ensure property owners have in place measures that delay any intrusion, and that there is a professional response team on call to apprehend or ward off threats.

The early detection of threats occurs on a regular basis through CCTV monitoring and alert property owners resulting in a fast response by Community Crime Prevention which has resulted in apprehension and threats being chased up the mountain or back towards Dontse Yahke. This has worked well but desperately needs sustainable funding to ensure more cameras, better camera monitoring, sustain Watchcon as a coordinating resource and sustain Community Crime Prevention as a tactical response team.

Whilst Oakwood Estate currently secures its perimeter as all property owners should do, and has a good network of cameras, it is down to individual property owners to voluntarily support the wider security measures that help keep the estate secure. This is not a sustainable model and is the main motivation for the establishment of OHMCID to ensure an equitable contribution from all property

owners to public safety measures. It is also a strategy for Hout Bay with other CIDs being established and able to cooperate and coordinate their plans.

- 2) The SRA is only as good as its steering committee or trustees. If they become dysfunctional after it's passed we are only 30 homes of 190 and may be unable to make meaningful changes in the management of funds but would be forced to continue paying. Penzance and Mount Rhodes are examples of SRA's who've not achieved their objectives. As soon as we join an SRA we lose control of how our funds are spent.

As was clearly explained at the public meeting OHMCID must be register as a Non Profit Company with the CIPC and is governed by the Companies Act and the City of Cape Town: Special Rating Area By-Law, 2012, as amended 2016. It is not possible for the CID to become dysfunctional as there are rigorous checks and balances in place to protect against such as situation. In effect if OHMCID was unable to implement the business plan and manage its budget, and there is no reason to believe it would not be able to, it would quickly be wound up.

If Oakwood Estate property owners had attended the public meeting they would have heard first-hand about the achievements of the Penzance and Mount Rhodes SRAs. It is difficult to understand what is meant by these areas not achieving their objectives.

Once OHMCID is approved it must register as a Non Profit Company (NPC) and all property owners will be able to become members. The directors of the company will be appointed by the property owners and the board will be accountable to the property owners. Property owners will be able to attend monthly meetings to voice any concerns. Property owners will agree the annual budget and implementation plan at the AGM. Contrary to the suggestion that "we lose control of how our funds are spent" the members (property owners) have full control of how the funds raised are spent in accordance with the agreed budget and the City of Cape Town: Special Rating Area By-Law, 2012 as amended.

- 3) Our HOA and levies cover off many of the proposed security & beautification projects being proposed and we've worked hard to achieve this already.

There is no reason why some of the costs of public safety measures and beautification projects in the Oakwood area would not be funded through OHMCID. This would give the home owners association the option of reviewing levies.

- 4) The SRA will not help us get a new road access and residents should not be tempted to vote for the SRA for this reason.

OHMCID has stated in the business plan that it will advocate for a new access road. The cost of building the new access road would have to be borne by the council as the cost would be greater than the amount raised through the special rate over the next five years. The establishment of OHMCID will give the area direct contact with City officials and councillors. The ward councillor will become an ex-officio member of OHMCID and can attend monthly meetings. The establishment of OHMCID will assist in the lobbying of the City to provide an additional access road to the area.

- 5) It seems reasonable to assume that the security concerns will be focused on those in greatest need – which would not be our residents. Based on the higher values of our properties it seems we're being included to fund areas of greater needs (21% of the money raised will come from our estate, however it's unlikely a fifth of the funds would be directed at our homes which make up 15% of the homes already in a far better security position)

The funding for public safety initiatives will be used to improve the security across the OHMCID area and will not be focused in one area alone. Decisions will be based on threat analysis and on the OHM Safety and Security plan. As an example, sustaining effective detection, delay and response mechanisms to potential threats identified on the pipe-track above Meadows benefits all property owners further along the mountain.

Property owners from Oakwood Estate will contribute 18.65% of the budget contained in the business plan not 21%.

- 6) Residents with houses for sale are experiencing objections to levies and there is concern that further increases could jeopardise resale value.

Areas that have implemented SRAs have experienced an increase in property values and this would be one of the benefits of establishing OHMCID. The additional rate creates the opportunity for Oakwood Estate to fund aspects of its current or future expenditure and the opportunity to lower or cap levies.

- 7) It was raised that it's important for trustees to ensure that when there are potential talks on community / neighbourhood projects that they are involving residents early and are in fact representing the majority opinion.

It is important to note that all property owners in the Oakwood Hughenden Meadows area were afforded the opportunity of joining the OHMCID steering committee. When no property owner from the estate came forward a request was made to the Home Owners Association for there to be some representation none was forthcoming. Due notice was given regarding the public meeting, unfortunately no property owners from Oakwood Estate attended missing the opportunity to be better informed.

- 8) An SRA is able to raise special levies based on a majority of attendees voting in favour at a special meeting. The concern around this is that levies can be increased with little control. This occurred in the Llandudno SRA where all the resident's levies increased by a multiple of 7 when their SRA called for a special security levy and there was a majority show of hands at a meeting attended. There was no recourse.

OHMCID cannot increase the amount to be collected through the special rate for the next five years. The amount to be collected is set out in the five-year business plan and is fixed for this period. At the end of five years the property owners who are members of the OHMCID NPC will have to approve a new five-year business plan and budget which will be submitted to the City for approval. The additional rate is limited to a maximum of 25% of the rates collected for the area. As OHMCID additional rate for the next five years will be in the region of 21% it is unlikely that there will be any significant percentage additional rate rise in the next five-year plan.

The information provided regarding Llandudno SRA is misleading. In their case they set out a budget for their first five-year plan which fell well below the maximum 25% additional rate. They realised that they had under-budgeted in the first five years and needed to increase the revenue raised for their new five-year plan. The new plan with an increased budget was properly put to the property owners who had taken up membership of the Llandudno SRA NPC. Those who raised objections after the process was completed had not signed up as members of the NPC and therefore were not allowed a vote under the Companies Act.

Substantive Proposal

The substantive proposal from the meeting of the eight Oakwood Estate property owners is that Oakwood Home Owners Association should formally object to the SRA steering committee allowing them time to redraw their boundaries to exclude our estate in the council submission and still submit the application in time to commence the SRA by 1 July 2019.

Next Steps

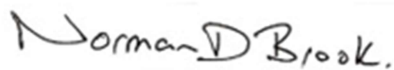
In order to move the process forward, I would suggest that Oakwood Estate Home Owners Association host a meeting for all property owners in the estate with the OHMCID Steering Committee. This will give all property owners to receive information pertaining to the application to establish OHMCID, and to discuss the practical implications relating thereto.

Following the meeting property owners can make an informed decision as to whether to consent to the proposal to form OHMCID or to lodge an objection.

Should the OHM area return the required 60% level of consent for the application to proceed, property owners who are still unhappy with the proposal can lodge an objection with the City of Cape Town. The application will be advertised and property owners with objections will be invited to lodge objections with the City of Cape Town within 60 days of the advertisement. A meeting will then be held with objectors prior to a final decision being made on the application by the City.

I hope that this response will go some way to answering the concerns of the residents of Oakwood Estate who attended the meeting held on 15 August 2018. Members of the Steering Committee will be available to attend a further meeting with Oakwood Estate residents. We look forward to receiving your invitation to attend.

Yours sincerely

A handwritten signature in dark ink that reads "Norman D Brook." The signature is written in a cursive, slightly informal style.

Norman D Brook

for the OHMCID Steering Committee