

29th August 2018

Dear Oakwood trustees and fellow HOA OAKWOOD members

Following onto yesterdays meeting, held at No 9 Oakwood Lane, regarding the inclusion of Oakwood Estate into the proposed SRA, together with our neighbors, Meadows and Hughenden Estate, I wish to summarize my thoughts, after having listened to the presentation made by the OHM steering committee and the comments made by HOA members present, to hopefully provide some sort of direction we can adopt as the HOA to resolve this matter as soon as possible.

I wish to start by stating that I am not entirely against establishing an SRA, however, I have certain serious reservations i.r.o. the business model and the tabled budget presented, which I will address below.

At the same time, I wish to thank the steering committee for generating application, which must have been a time consuming exercise in itself, including Heinrich Brumfield's input, which I am sure, has been invaluable.

I further wish to state, that this is no witch hunt, nor is my intention to point fingers, on the contrary, my thoughts/ comments should be construed as trying to achieve an amicable informed decision, the Oakwood HOA can take, by majority vote.

The unresolved issues, in my view are:

1 COMMUNICATION

This initiative entails, that every homeowner could potentially be liable for an additional levy (approx between 21 and 23% of your current and future rates bill). So it has serious implications and therefore should have been afforded a special communications exercise, so that every HOA member was informed and could comment on the proposal itself and in time.

For whatever reason, this was not done and the reality is that there are certain HOA members, who still are not aware of this proposal, which is going to affect their pockets.

It is therefore crucial that every single HOA member be informed in writing and should be requested to confirm receipt of such notice within a reasonable time frame.

I suggest that the trustees generate a notice to this effect, as soon as possible, which is mailed to all HOA members and in addition, distribute a written notice, which should be delivered to each HOA members post box.

This is step one and a priority.

2 TRUSTEES MANDATE ON MATTERS AFFECTING THE HOA OUTSIDE OF THE ESTATE.

I contacted Carl Smit of Sandak Lewin Trust, who with over 30 years of experience in HOA constitutions, states that, the trustees would have had to obtain at least a 51% majority vote of the total of the HOA members, to agree on our neighbors including OAKWOOD ESTATE joining this proposal to establish a SRA, now known as the OHM community improvement district.

This was not the case and effectively would give rise to the OAKWOOD HOA being able to withdraw from the application.

The second step is to call a meeting or circulate a notice to obtain a vote by all members and proceed accordingly, so that we do not hold up the process our neighbors are about to commence with.

3 THE AFFECTED RATES AREA - HUGHENDEN MEADOWS OAKWOOD (OAKHURST ?)

At the meeting, I posed the question as to how Oakwood was included into this initiative and Norman Brook replied that Oakwood falls within the area together with Meadows and Hughenden, identified, as such by the HBNW, hence we were included automatically. I further queried as to where OAKHURST ESTATE was placed in this identification, since they are our neighbors on our northern boundary. Norman replied that OAKHURST had been approached and had declined to join?

So, Oakhurst was afforded to either join or decline, although the exact process which was followed is unclear at this stage.

Oakwood was not afforded this opportunity, at least not by way of a clear communication process. Therefore the Oakwood HOA members should be afforded the right to vote on either staying in or opting out.

This will not prevent our neighbors from establishing a SRA amongst themselves, merely the financial model needs to be amended and at the very least, the process could be delayed.

This is not our problem.

The notice sent out by the OHM steering committee to Oakwood, Meadows and Hughenden home owners, to attend the meeting on the 8th of August 2018, resulting in an attendance of 54 homeowners out of a total of 199, less than 25%.....

This cannot be construed as the majority of home owners being either aware of or supporting the application!

My view is that neither all Meadows nor Hughenden homeowners were informed properly either, what this initiative entails, unless Meadows and Hughenden have held meetings to discuss the implications, without Oakwood?

In addition, the voting rights Oakwood Estate will be afforded under the OHMCID, is still unclear and was not clarified at the meeting last night. With Oakwood having three area votes (Oakwood Lane, Riverwalk and Grottoway , I presume ?) how are the "area" votes defined in the Meadows and Hughenden suburbs?

In my humble opinion, Oakwood with its 30 home owners and indeed Hughenden with its 19 homeowners are in the minority and will be over ruled at every turn!

4 SECURITY / GATED ESTATES v TRADITIONAL SUBURBS

Robin Aliston, on two occasions asked the steering committee, if a precedent existed anywhere in the country, which included a gated/ security estate having joined its traditional suburb neighbors in applying successfully to establish a SRA?

To anyones knowledge, there are none and Norman Brook then replied that OAKWOOD ESTATE was not a gated estate!

Herein lies the fundamental problem....

We have all invested substantially to live in a gated/ security estate and the fact is that Oakwood is registered as a security estate by the City and managed by Sandak Lewin on this basis (we are governed by a constitution specifically designed for a gated/ security estate), so for Norman to suggest that Oakwood is not a gated estate - is false!

Our current levies are high (above average, due to the limited number of HOA members for especially the required security measures we have implemented over time), considering the levies other security estates in the rest of Hout Bay pay.

Our property rates and taxes as stipulated by the City are high, supporting these facts.

So to co opt us on the same basis as our neighbors, who represent a suburb without any perimeter security measures whatsoever, except an half hearted attempt to control unwelcome guests, is not equitable.

We must make this distinction, since our property rates are considerably higher than that of our neighbors and will attract a higher premium to fund many initiatives, we ALREADY HAVE IN PLACE, as proposed by the OHM steering committee.

The cost of maintaining what we have built increases annually, our extra levy to establish the bore hole and the dreaded escalating inflation we have no control over, etc, place a burden on most of our co HOA members, so we need to be mindful to not strain and stress out homeowners any further at this time.

It is a fact that the levies imposed on a gated estates do play a role in prompting a buyer to purchase in an estate...there is a ceiling, which if too high, will impact on the ability to sell your property in the future at Oakwood.

5 PROPOSED SRA BUDGET PRESENTED

Having studied the tabled budget produced by the steering committee, I have certain reservations to mention a few:

5.1 Cleansing services: A budget of R 4,166 per month for the area in question ,will not touch sides....I pay my gardener to clean our garden four times a month , R 1,300 per month to attend to approximately 1320 square meters. To expect a budget of R 4,166 to keep the entire area clean ,is impossible, unless I am missing something.

5.2 Social Upliftment : This, in my opinion represents one of the fundamental and important aspects of the program and the budget proposed for this purpose is hopelessly insufficient at R 3,333 per month. We will make no impact whatsoever in this regard as proposed.

5.3 Administration and management fees : At R 10,000 per month for a full-time employee, here again, this figure is understated. It is impossible to expect anyone to take on this role at a gross remuneration of R 10,000 per month?

You need to double this figure, at least, considering the duties and responsibilities this individual will have to perform and that may not be sufficient?

5.4 Insurance : R 25,000 per month needs to be explained in detail and quantified. What exactly is this for, its a substantial amount of money? If for the cameras, this might not be merely enough, if you consider all the cameras currently installed in all three proposed areas.

5.5. There is no contingency built into the budget, an essential item in any budget, especially an untested one, which are based on projections at this stage only.

By Normans own admission, the Llandudno SRA got it hopelessly wrong, which when rectified, amounted to the SRA levy having to be increased substantially, resulting in an unforeseen expenditure placed on every household in this suburb.

If rising costs across the board, to budget household expenditure currently is a delicate task, so unforeseen expenditure results only in potentially getting yourself into a financial difficulties.

In my opinion and based on many budgets I have had to produce for our various businesses over the last 35 years, the budget needs to be increased by at least 20% or at the very least, a contingency factor of 20% must be added to the budget.

And then there is no guarantee that the funds required as proposed, will be sufficient to achieve the objectives set out in the business plan.

What is a certainty, is that your contribution will escalate annually in line with rising salaries, transport costs , product costs and inflation, etc etc...

6 NEW ALTERNATIVE ROAD ACCESS

The cost of a new road per kilometer currently will cost approx R 5,6 million basic costs. Whereas the City of Cape Town and the Western Cape is managing its finances more effectively as opposed to the rest of the countries municipalities and provinces, the DA as the opposition party receives little and mostly 'reluctant assistance from National government, for obvious reasons.

To believe that the OHMCID will have more clout to convince the City to commit funds to the road, is questionable.

The City is burdened with paying for existing infra -structure up grade, expensive water installations, let alone new projects ,which will be perceived to benefit a few, and "privileged" suburbs at that! Its a non starter.

What would be better off trying to convince the City, is to install a robot at the Hughenden / Main road intersection and ensuring that Hughenden road itself provides save and unfettered access to all of us, i.e. street lights and foot visible foot patrols on a 24/7 basis.

This will double up in trying to manage the new settlement behind the graveyard, which is certain to have an impact on thie Hughenden access road.

7 OAKWOOD HOA CONTRIBUTION

The SRA by-laws are clear, you join and it will cost you approximately 21 - 23 % of your current rates bill, which will escalate as the City increases rates and taxes on your property over time (no control over this, as has been the case historically...and we all know where this is heading too - UP!

We currently pay for around 95% of what is proposed in our own estate, security being our major cost.

Our current security measures, though, have proven to be effective inside our own boundary walls and along Grotto Way.

Why compromise on what is working for us and over which we have 100% control?
It makes little sense and we will regret having compromised the current status quo.

Having said that, I personally believe that we, as the OAKWOOD HOA, should contribute to the following:

8. DETECTION/ DELAY and RESPONSE costs :

This makes sense in that our contribution will make this initiative a reality and ensure a drop in crime levels in our surrounding area, which will benefit the estate at the same time, as is envisaged.

Our contribution must be quantified, be equitable and set in stone, via our own levy structure and which we have 100% control over.

9. SOCIAL RESPONSIBILITY costs :

I believe that we are all responsible in uplifting our less advantaged community members, as we attempt to integrate, but limited to the community in our immediate surroundings. However, I see no concerted commitment or plan in the proposed SRA initiative, that will make a difference.

As "capable members" in our area, we should adopt a workable and feasible solution, not by funding our social responsibility as proposed, it will never be sufficient, rather to freely offer our services on the ground and attend to specific identified causes, to achieve this objective.

It's a far more difficult task than what we think, will be on going and take dedicated volunteers to make a real impact.

Clear is, if we want to exist along side our less advantaged community members, we will have to put in the sweat and transfer our knowledge and experience and gain their trust - that is what will make the difference in the long run.

The rest of the proposed expenditure relates mainly to what the City should be attending too anyway and for which we pay rates and taxes, road taxes, fuel taxes, upliftment taxes (businesses) etcwe are being taxes to the max!

Anywhere else in the world and in our township suburbs, the population stands up and revolts, if service delivery is not provided as it should be, instead our SARS taxes we pay are re directed or stolen...its happening all around us!
All we do, is pay, which must stop!

So I am objecting to the OHMCID as proposed and request the Oakwood trustees to circulate my mail to all HOA members, so we can all take an informed and timeous decision on this matter without fail.

My two cents worth.

YOURS FAITHFULLY
PAUL RUTZEN
HOA MEMBER
OAKWOOD ESTATE