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KWAZULU-NATAL MILITARY VETERANS HOUSING POLICY

A Housing Policy on KwaZulu-Natal Military Veterans was approved by the MEC with effect from 11 November 2019. The policy aims to provide a basic guiding framework and procedures for the implementation of the Military Veterans Housing Programme.

POLICY PRINCIPLE AND PROVINCIAL APPROACH

1. Definition of Military Veteran

This Provincial Policy applies to military veterans who have been prepared and engaged in liberation military activities against the administration of the then apartheid government; and which caused such activists to go in exile for a period of at least one year.

A "military veteran" is defined as "South Africans who served under any previous military dispensation including those persons involved in military operations during the liberation movement." It includes those veterans defined in terms of Section 1 of the Military Veterans Act, 2011 (Act, No 18 of 2011), which defines a "military veteran" as any South African citizen who:

- a) Rendered military service to any of the military organisations, statutory and non-statutory, which were involved on all sides of South Africa's Liberation War from 1960 to 1994;
- b) Served in the Union Defence Force before 1961; or
- c) Became a member of the new South African National Defence Force after 1994, and has completed his or her military training and no longer performs military service, and has not been dishonourably discharged from that military organisation or force.

It must be noted that this definition does not exclude any person referred to in paragraph (a), (b) or (c) who could not complete his or her military training due to an injury sustained during military training or a disease contracted or associated with military training policy principles.

2. CRITERIA FOR MILITARY VETERANS

- a) Persons who wish to benefit from the housing subsidy scheme under this programme, (in keeping with the national Integrated Residential Development Programme (IRDP) and amended qualification criteria for military veterans), must be:
- b) A military veteran as defined in terms of KwaZulu-Natal Military Veterans Housing Policy
- c) A South African citizen or permanent resident;
- d) Legally competent to contract;
- e) Benefiting from the housing subsidy and/or state funded or assisted housing subsidy scheme for the first time; and

- f) Is not employed and receives a pension from the State;
- g) Is employed with an annual income of less than R125 000 (R10 417 per month) or in the case of the Finance Linked Individual Subsidy Programme (FLISP) a maximum of R22 000 per month;
- h) Does not own a house;
- i) Military veterans can be single and without financial dependents, provided they are able to submit the below mentioned documents. Where a veteran is unable to submit these documents, the normal provisions and qualification criteria will apply as defined in terms of the IRDP policy.
- j) Whereas war veterans were actively involved in service prior to the transitional government (pre 1994), the recommended age criteria will be that the veteran has to be at least 38 years of age in 2016 or as identified by the list provided annually by the DMV in terms of the Memorandum of Understanding (MOU).

3. THE FOLLOWING SUPPORTING DOCUMENTATION MUST BE PRODUCED

- a) Proof of service; and
- b) Details of social services received (e.g. the war veterans' grant, as defined in the Social Assistance Act, Act No 13 of 2004).
- c) In the context of the KwaZulu-Natal Department of Human Settlements policy proof of service will be as per the list provided annually by the Department of Military Veterans in terms of the MOU and extended to proof of membership as a military veteran of recognized organizations such as the Mkhonto We Sizwe Military Veterans Association (MKMVA), Azanian People's Liberation Army (APLA), and Azanian National Liberation Army (AZANLA) as the absolute minimum requirement.

4. QUALIFICATION CRITERIA FOR ESTATE OF LATE MILITARY VETERANS

Estate of the late South African military veterans will be required to comply with the generic IRDP qualification criteria as contained in the Housing Code, 2009. Where housing is to be accessed by a foreign dependent (spouse or child), however, South African residency must be obtained through the Department of Home Affairs.

Where housing was previously accessed, however, and such housing does not comply with the current norms and standards, an assessment will be made to assist military veterans in this regard to ensure that the structures are safe and habitable.

It is acknowledged that there are instances where military veterans had passed away prior to deriving benefits from the state for their services and that estate of the late military veteran may have claims to secured benefits e.g. agreement of sale or subsidy application approved prior to the beneficiary being deceased. The subsidy may be accessed where such rights have been secured.

The following criteria should apply:

- a) Death certificate of military veteran
- b) Certificate of proof of service and/or membership as a veteran of a recognized organization or as per the list provided annually by the DMV in terms of the MOU
- c) Proof of the nature of the rights secured, such as a sale agreement, approved subsidy application
- d) Proof of relationship with the deceased (birth certificate or, marriage certificate)
- e) The Department shall make a letter reflecting deemed value of a right the deceased Military Veteran had, the aid letter shall be addressed to the Master of the High Court or the Magistrate's Court where the estate is to be reported. The letter shall bear the names of the deceased and it should make it clear that this is a potential claim.

5. SUBSIDY INSTRUMENTS AND PROGRAMMES

The Department of Human Settlements has a wide range of subsidy mechanisms that could be accessed by military veterans and/or their dependents, provided they qualify in terms of the criteria set out above.

Military veterans, therefore, will be afforded a choice in the manner in which their rights to housing are realized, such as:

- a) Choosing a house in the market and accessing the FLISP subsidy to acquire, or assist with the financing of the unit;
- b) Establishment of long term rental accommodation initiative through a housing institution with the social housing, rental, community residential units programme ;
- c) Establishment of short term rental accommodation through the provincial department's transitional housing programme, aimed at special needs and vulnerable groups;
- d) Participation in a rural housing project;
- e) Developer driven project through the department's developer driven individual subsidies in which a group of veterans can be accommodated on a small project basis;
- f) Establishment of a sectional title development in partnership with a developer where the rules of the body corporate can determine participation and preferential allocation of the units to military veterans and/or their descendants;
- g) Establishment of a freehold and/or sectional title project specifically for war veterans through the IRDP and/or Enhanced People's Housing Process, including the formalization of brigades to construct houses to maximise the benefits of the subsidy in terms of the requirements of the Enhanced People's Housing Programme; and
- h) Sales of serviced sites under the provisions of IRDP provisions as contained in the National Housing Code, 2009.

6. HOUSE DESIGN AND SPECIFICATIONS

The cost of the dwelling designed for approved military veterans subsidy beneficiaries, which also comply with the revised National Building Regulations, SANS 10400 XA, amounts to R199 014.00 based on the 2014 Subsidy Quantum or as determined annually by the Director General of the National Department of Human Settlements.

The detailed plan is as illustrated on page 7.

The house for military veteran beneficiaries must comprise the following:

- a) The size of the house must be fifty (50) square metre of gross floor area;
- b) Interior walls must be plastered and painted;
- c) Two bedrooms;
- d) A combined kitchen/living area and a kitchen basin;
- e) Floor tiles throughout the house;
- f) Fitted kitchen cupboards, stove, solar water heating device, with hot and cold water taps;
- g) Basic electricity installation/comprising at least one light in each room, two lights in the combined kitchen/living area and an electrical plug in each of the bedrooms and two plugs in the combined kitchen/living area;
- h) Single carport with paving; and
- i) Fencing around the stand perimeter.

In addition to the above as per the MOU between the Department of Military Veterans and the Department of Human Settlements, the NDoHS may repair or upgrade existing houses belonging to military veterans. Equally, alterations in the structural design of houses will be agreed with the specific beneficiaries.

7. ECONOMIC OPPORTUNITIES AND SKILLS DEVELOPMENT

- a) In all housing programmes, government is committed in promoting participation of beneficiaries in skills development programmes as part of enabling people to actively participate in the economy and alleviating poverty;
- b) Working together with other stakeholders, the government will ensure that it identifies appropriate skills development programmes guided by standards and regulations within the construction landscape to assist military veterans in the construction of their houses. These shall be achieved in terms of Section 4(1) of Preferential Procurement Regulations, 2017 and paragraph 2.5 (b) of the KwaZulu-Natal Military Veterans Housing Policy;
- c) An inclusive database of military veterans owned companies will be developed in consultation with all relevant stakeholders including DMV, NDoHS, SAMVA, KZN-SAMVA and other related military veteran's structures.
- d) All military veterans companies to be included in the inclusive database will have to comply with all the building standards and regulations including registration with

statutory bodies such as the National Builders Home Registration Council (NHBRC), CIDB and procurement regulations and/or requirements

- e) The participation of Military Veterans companies will not only be limited to individual private companies, but will also include participation of co-operatives and Joint-Ventures. These will have to comply with all the stipulated supply chain management requirements.
- f) The Department together with the Municipality concerned must therefore thoroughly assess the capacity of individual Military Veterans and/or their companies prior to them being appointed to undertake construction of houses and provide capacity building initiatives where required.

8. SPECIAL INTERVENTION OR CONSIDERATION BY THE MEC

There are a variety of circumstances under which military veterans may not meet specific criteria for access to housing subsidies. Within the current policy context of the Military Veterans Act, Act No. 18 of 2011, the Military Veterans Benefits Regulations of 2014 and the Memorandum of Understanding between the Department of Military Veterans and Department of Human Settlements certain special interventions may be considered.

Research conducted by the National Departments indicates that the majority of veterans are poor and aged. As such, it is likely that the majority of veterans in the Province would qualify in terms of standard criteria, with the exception that formal documents may not be in place. Such cases should first be resolved through facilitating the formalization through the DMV.

Should this not be successful, the MEC responsible for housing may consider special cases, based on motivation and proof of the following. The military veteran must submit with their application:

- a) Proof of service and /or recognition of membership with a liberation movement pre 1994;
- b) motivation detailing the special needs and circumstances that may warrant the award of a subsidy in line with the intention of assisting vulnerable groups, aged, disabled or special needs; and
- c) Details of social services received.

The MEC responsible for housing may be approached in writing for special intervention where an application for a housing subsidy in terms of the above prescripts is rejected, on the basis of non-compliance with the general requirements for assistance through the housing capital subsidy scheme. In such cases, the applicant shall lodge a written appeal to the MEC through the relevant District Office of the Department, explaining why he/she disagrees with the decision not to be granted a subsidy. Such an appeal is to be submitted within 90 days of receiving notification of the outcome of the application for the housing subsidy. The MEC for Human Settlements or his/her delegate shall notify the applicant in writing of the decision on the appeal.

GUIDELINES FOR THE UTILIZATION OF THE MUNICIPAL HOUSING OPERATING ACCOUNT (MHOA) FUNDS

The KwaZulu-Natal Human Settlements Head of Department, Mr M.O.S. Zungu approved the current MHOA Policy and Procedures with effect from 12 February 2020. The aim of the document is to regulate the utilisation of funds from the MHOA and to ensure that internal procedures and measures are in place for approval and use of funds from that account.

1. PROCEDURES FOR UTILISATION OF MHOA FUNDS

The procedure, as depicted in the flowchart contained as Annexure A of the MHOA Policy and Procedures, should be followed when submitting an application to utilise funds from the Municipal Housing Operating Account.

- 1.1 In terms of The Housing Act 107 of 1997, the MHOA must be utilised for housing development in accordance with National Housing Policy and a housing development project approved by the MEC. It defines national housing programme as any national policy framework to facilitate housing development, including, but not limited to, any housing assistance measure to:
 - a) Assist persons who cannot independently provide for their own housing needs;
 - b) Facilitate housing delivery; or
 - c) Rehabilitate and upgrade existing housing stock , including municipal services and infrastructure

- 1.2 The funds from the Municipal Housing Operating Account may only be utilized when all other sources of funding have been exhausted and should be utilised for the following purposes and it is submitted that each case will be considered on its merits.
 - a) The Municipal Housing Operating Account can be used to fund projects which are in line with the Provincial Department of housing's priority programmes as announced by the MEC for Housing for that specific financial year.
 - b) Funds from the Municipal Housing Operating Account may be used for repairs and maintenance. Reason being, that the abovementioned is a component of the rental that a tenant pays for his/her unit.

In order to prevent the unauthorised usage of funds from the MHOA concerning **urgent repairs and maintenance** such as leaking geysers, burst water pipes, etc.

The following process must be implemented:

An application for approval to utilize funds for anticipated expenditure regarding urgent repairs must be submitted prior to the commencement of the Municipality's financial year. Such applications must provide sufficient details reflecting how the funds are anticipated to be expended during the forthcoming year and should be

based on historical costs. In addition, comprehensive details reflecting how the approved funds for the previous year were expended must also be provided. In addition, supporting documents such as quotations, invoices, etc. must be available for audit/inspection purposes.

Applications for all other repairs/maintenance must be submitted to the Technical Evaluation Committee (TEC) for consideration. Such applications must be accompanied by three standard quotations to demonstrate competitiveness and transparency and must be in compliance with the Procurement Act and Regulations of the Province. It is incumbent upon the applicant to ensure that quotations are valid at the time of submission to TEC. In addition, the applications must be supported by relevant technical reports.

- c) With respect to the above, an application can be made to utilize the funds for the conversion of units from rental to saleable purposes as follows:
- i. Upgrading of units;
 - ii. Appointment of a Surveyor to undertake the subdivision function;
 - iii. Appointment of technicians to inspect electrical circuits, the instalment of individual meters, etc.
 - iv. Appointment of an Attorney to register the sectional titles;
 - v. Appointment of an agent to run the Body Corporate until such time that the Body Corporate is able to function on its own;
 - vi. Opening of a township register;
 - vii. Essential and emergency maintenance;
- d) **Bridging finance** will only be granted to municipalities that are statutorily unable to directly access alternative sources of bridging finance. If granted, the bridge financing should be repaid by the next financial year. Reason being, that the department could have a revolving bridge financing facility.

It must be noted that the National Housing Code proposes that a prime interest rate be charged as determined by the Provincial Administration's bankers. It is submitted that in the spirit of co-operative government and the promotion of inter-governmental relations that a treasury interest rate be charged as determined by the Department of Finance: Treasury.

2. **MINIMUM REQUIREMENTS IN TERMS OF APPLICATION FOR THE UTILISATION OF FUNDS FROM THE MUNICIPAL HOUSING OPERATING ACCOUNT**

In order for further consideration to be given to requests for the utilisation of funds from the MHOA, the under-mentioned information must be incorporated into the application:

- 2.1 The applicant must provide a comprehensive motivation to highlight the need to utilize the funds. The motivation should include what steps have been undertaken to access funding from other sources. It is the responsibility of the applicant to adequately demonstrate that all other avenues of funding have been exhausted. In addition, the implications for not obtaining the necessary funds need to be highlighted.
- 2.2 It must be adequately demonstrated that the utilisation of the funds are required to facilitate sustainable housing development and that it is in accordance with the national housing programmes/ a housing development project approved by the MEC (as per Section 16(2) of the Housing Act, 1997 (Act No 107 of 1997).
- 2.3 A business plan must also be provided to illustrate how the funds will be utilized. This must include a costing schedule/cash flow. The utilisation of the approved funds will in effect be monitored by the Department in terms of the approved business plan and as such any changes to the approved business plan must be submitted to the Department for authorization prior to the changes being effected. Project managers and professional that are appointed must be BEE (Black Economic Empowerment) compliant, and projects must be implemented in terms of EPWP (Expanded Public Works Programme).
- 2.4 The current available cash balance of the MHOA must be provided.
- 2.5 The Housing Fund Monitoring and Reconciliation Section must confirm the available cash balance of the MHOA.
- 2.6 The project memorandum of agreement must specify the terms and conditions relating to the approval of funds to be utilised from the MHOA.
- 2.7 The Housing Fund Monitoring and Reconciliation Section must be informed of such terms and conditions in order to facilitate monitoring and reconciliation of the MHOA.

3. PROCEDURES FOR DISBURSEMENTS OF FUNDS FROM THE MHOA

- 3.1 All funds disbursed in terms of such approvals are to be in compliance with the Tranche Payment Guidelines: 2009 as MHOA funds will be deemed such.
- 3.2 All payments will be made in terms of the value of work done to ensure that value for money is achieved and shall be payable upon completion of agreed upon milestones.
- 3.3 Prior to expenditure, the municipality must submit an invoice signed by the Municipal Manager accompanied by the appropriate certifications, to the relevant Regional Manager or Responsibility Manager responsible for overseeing the Project on behalf of the Department.

- 3.4 The relevant Regional Manager will assess the application for compliance with the terms and conditions stipulated in the agreement as well provisions of the applicable policy and that all proof of completion are attached.
- 3.5 The documents, appropriately certified, will then be forwarded to the Subsidy Section for assessment and issuance of a certificate (Release Certificate) authorising the release of the funds for payment. The release certificate is to be submitted to the relevant Regional Office for onward transmission to the municipality.
- 3.6 The Subsidy Section will be responsible for updating HSS system accordingly in order to facilitate the project close out process.
- 3.7 The project monitor or the official responsible for monitoring the project will be responsible for ensuring that all supporting documents for the release of payment are submitted by the developer.
- 3.8 Prior to certifying the documentation for payment, the project monitor must conduct a site inspection to confirm that the respective milestone has been achieved.
- 3.9 The project manager is to ensure that the payments are used for the purpose as indicated in the agreement.

4. PROCEDURES FOR MONTHLY RECONCILIATIONS

- 4.1 Reconciliation of funds utilised from the MHOA will be conducted on a monthly basis by the Housing Fund monitoring and Reconciliation Section (HFMR).
- 4.2 Funds are to be kept in a separate account,
- 4.3 Ensure that funds are paid out for activities authorised by the Department.
- 4.4 The HFMR section will report any irregularities relating to the finances to the Manager responsible for overseeing the implementation of the contract for necessary action to be undertaken against the municipality/Section 21 company.
- 4.5 Such Manager must, within 30 days, notify the municipality of the irregularity and the consequences should this not be corrected.
- 4.6 Any irregularities not corrected within 3 months of being reported, will result in any funds being held by the municipality being recalled by the Department.

5. RESPONSIBILITY OF MUNICIPALITIES

- 5.1 Submit Audited Annual Financial Statements to the Department no later than 4 months after the close of the Municipality's financial year.
- 5.2 Quarterly (June-July) Movement Reports ITO MHOA (Income/Expenditure) must be submitted to the Department by the 7th working day of the following quarter. If there is no movement a nil return must be submitted.
- 5.3 Quarterly (June-July) Asset Disposal Reports (Section 14(4) (d) (V) must be submitted to the Department by the 7th working day of the following quarter.

- 5.4 Assets Registers in terms of housing stock must be maintained.
- 5.5 All expenditure to have prior MEC approval and copies of the approvals must be made available for inspection.
- 5.6 All monies used from the MHOA without prior approval from the MEC must be recovered by the Department.
- 5.7 The municipality must maintain proper books of account in respect of expenditure from the MHOA, per approval, and provide details and reconciliations to the Department no later than the 7th of each month.
- 5.8 The municipality shall make available to the Department, all information and records as is necessary for audit and reporting purposes.
- 5.9 When the project is completed the municipality must submit a close out report to Project Management and the Housing Fund monitoring and Reconciliation Section (HFMR) sub- directorate.

6. RESPONSIBILITY OF OTHER SECTIONS WITHIN THE DEPARTMENT

6.1 Project management

- a) The relevant Regional Manager will assess requests for payments out of MHOA, for approved projects for compliance with the terms and conditions stipulated in the agreement as well as provisions of the applicable policy and that all proof of completions are attached. The project memorandum of agreement must specify the terms and conditions relating to the approval of funds to be utilised from the MHOA account. (The Housing Fund Monitoring and Reconciliation Section must be informed of such terms and conditions in order to facilitate monitoring and reconciliation of the MHOA)
- b) The documents, appropriately certified, will then be forwarded to the Subsidy Section for assessment and issuance of a certificate (Release Certificate) authorising the release of the funds for payment. The release certificate is to be submitted to the relevant Regional Office for onward transmission to the municipality.
- c) The project monitor or the official responsible for monitoring the project will be responsible for ensuring that all supporting documents for the release of payment are submitted by the developer.
- d) Prior to certifying the documentation for payment, the project monitor must conduct a site inspection to confirm that the respective milestone has been achieved.
- e) The project manager is to ensure that the payments are used for the purpose as indicated in the agreement.
- f) Upon receipt of the Release Certificate from the subsidy section, advise the municipality that payment may be made.

6.2 Subsidy management

- a) The Subsidy Section will receive payment requests from Project Management and process accordingly with a view to issuing a Release Certificate as authority for payment
- b) The Subsidy Section will be responsible for updating the Housing Subsidy System (HSS) with all approvals and expenditure for projects, out of the MHOA, in order to facilitate the project closeout process.

6.3 Legal

- a) The Legal Section must draw agreements for all projects that are to be financed out of the MHOA. Such agreements must be project specific and set out clear terms and conditions
- b) Copies of all such agreements are to be forwarded to the HFMR section for compliance monitoring.

7. GENERAL

- a) The MEC may if required determine that funds from the MHOA within the municipality be utilised for a specific purpose as determined by him/her that is in line with the department's mandate
- b) The implementation of the above guidelines would ensure that there is no inconsistency in the utilisation and procedure followed when requesting to utilize and when expending funds from the MHOA throughout the Province.

The detailed MHOA Policy and Procedures may be accessed on the Department's website *using the following link:* <https://www.kzndhs.gov.za/index.php/features/policy-documents/provincial-policies>

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