



**KWAZULU-NATAL PROVINCE**

**HUMAN SETTLEMENTS**  
REPUBLIC OF SOUTH AFRICA

# **Policy Communiqué**

**Circular No. 1/2021**

**Date : January 2021**



353–363 Dr Pixley Ka Seme Street, 20<sup>th</sup> Floor, Eagle Building, Durban. Tel: +27 31 336 5363,

E-mail: [Blaine.Duval@kzndhs.gov.za](mailto:Blaine.Duval@kzndhs.gov.za) Web: [www.kzndhs.gov.za](http://www.kzndhs.gov.za)

Copies obtainable from [www.kzndhs.gov.za/index.php/policy-communiques](http://www.kzndhs.gov.za/index.php/policy-communiques)

# INDEX

<b>THE DISPOSAL OF SERVICED SITES AT MARKET VALUE TO PERSONS EARNING BETWEEN R22 001 – R40 000</b>	<b>3</b>
<b>INTERIM COMMUNITY RESIDENTIAL UNITS (CRU) ALLOCATION GUIDELINE</b>	<b>6</b>

## **THE DISPOSAL OF SERVICED SITES AT MARKET VALUE TO PERSONS EARNING BETWEEN R22 001 – R40 000**

The Disposal of Serviced Sites at Market Value to Persons Earning between R22 000 to R40 000 was approved by the MEC for Human Settlements and Public Works on 7 August 2020. The MEC approved that a 30% allocation of serviced sites per project be disposed at fair market value to persons earning between R22, 001 to R40, 000 per month. The policy is an extension of the Disposal of Serviced Sites Policy that was communicated in Policy Communique 3/2020.

### **1. BACKGROUND**

The Disposal of Serviced Sites Policy which was approved by the former MEC for Human Settlements and Public Works in November 2018 is aimed at enabling an integrated human settlements delivery mechanism by addressing the affordable housing market and encouraging the sale of serviced sites at affordable prices to qualifying beneficiaries who are willing to build their own housing units. The main target income group of the policy are persons earning between R3501 to R22, 000, who will be eligible to qualify for a serviced site if they provide proof that they can afford to construct/build their own house. In addition, the policy also makes provisions for applicants whose income exceeds the abovementioned threshold, however they will not be subsidized and the serviced sites will be sold at market value to those who qualify, as stated below:

***“Applicants whose income exceeds the provisions of the funding schedule approved by MINMEC: such applicants may apply for the purchase of a serviced stand. The purchase price of the site must be equal to fair market value. The valuation must not be older than six months.”***

This can be attributed to the fact that the housing sector is not delivering stock at the rate and scale needed, nor is it serving the diversity of the market given varying levels of affordability and access to credit. The private sector dictates the cost of land at prices greater than the property’s market value which places the upper middle income market (R15, 000-R40, 000) in tremendous financial pressure to gain access to housing opportunities, particularly in well located areas of the city.

In view of this, the Department aims to allocate 30% of the serviced sites to persons earning between R22, 001 to R40, 000 per month who will have the opportunity to purchase the site at a fair market value.

## **2. QUALIFICATION CRITERIA**

The qualification criteria have been altered to cater for persons earning above the policy threshold, as stated below:

- a) The gross income must range from R22, 001- R40, 000 per month.
- b) The applicant must be a lawful resident in South Africa (i.e. citizen of the Republic of South Africa or in possession of a permanent residence permit).
- c) The applicant must be legally competent to contract (i.e. over 18 years of age or legally married or legally divorced and of sound mind).
- d) Not yet benefitted from government assistance, divorced applicants will be considered on the merits of each case.
- e) Not yet own fixed residential property.
- f) Married or cohabiting (married in terms of civil law or in terms of customary law) or habitually cohabits with any other person. The word spouse includes any partner with whom the applicant habitually cohabits.
- g) Single with financial dependents: The applicant must have proven financial dependents. In addition to the abovementioned criteria, the following special conditions will apply:
  - a) Only one application per person will be allowed.
  - b) The applicant/beneficiary must prove that he/she will be able to sustain ownership.
  - c) The applicant must be genuinely in need of housing for residential purposes.
  - d) The applicant must commit to building a habitable dwelling on the site within a period of 5 years. The dwelling must be approved by the municipality and the National Home Builders Registration Council.
  - e) A building clause will be included in the Deed of Sale and endorsed on the title deed of the property that is, a habitable dwelling must be built within a period of 5 years.
  - f) A reversionary clause will be endorsed on the title deed of the property, that if the property has not been developed within 5 years from the date of purchase, it will revert to the Department at the original selling price.

## **4. IMPORTANT POLICY CONSIDERATIONS**

The sale of the sites at fair market value is in terms of Section 14(3) (e) of the Housing Act 107 of 1997, which states:

“If a Provincial Government wishes to alienate any immovable property that has passed to such Provincial Government in terms of subsection (2), other in property contemplated in paragraphs (a) to (d), the Provincial Government may do so at fair market value, or, if it is not possible for such property to be alienated at fair market value, it must be alienated in the best interests of the State at a price approved by the MEC.”

Applicants will be required to purchase the sites on a cash sale basis and issue payment to the Department. Purchase and sale agreements will have to be entered into between the Department of Human Settlements and the qualifying applicants.

-----END-----

## **INTERIM COMMUNITY RESIDENTIAL UNITS (CRU) ALLOCATION GUIDELINE**

For the past number of years the Department has invested a substantial amount of money for the provision of Community Residential Unit (CRU) Rental Stock to cater for low income earners and improve the quality of life of the households occupying the units. With the progression of years the supervision and management of these CRU's has become increasingly challenging due to the varying local, social and economic environment affecting households living in these units as well as owners of the properties. These variations have steadily deteriorated the relationship between tenants and the owners, thereby unfavourably impacting on the reporting and resolving of tenant related matters. The new CRU programme has now provided a clear outline when dealing with the various types of existing public sector residential units/accommodation. The programme targets low income households earning between R800 to R3500 per month and provides rental units and includes both historical hostels and the new CRU's.

The Interim Community Residential Units (CRU) Allocation guideline was approved by the MEC for Human Settlements and Public Works for implementation with effect from 7 August 2020.

### **1. OBJECTIVES OF THE GUIDELINE**

The objective of this policy guideline is to facilitate an equitable, transparent and fair allocation of community residential units to occupants/qualifying beneficiaries by:

- a) Providing a system in determining the allocation procedure for community residential units;
- b) Promoting equal access and secure rental housing opportunities to qualifying beneficiaries and;
- c) Preventing fraud related matters and to avoid issues of criticism when dealing with the allocation of rental units.

### **2. QUALIFICATION CRITERIA**

The following criteria must be applied when assessing potential beneficiaries for assistance:

- a) The person is lawfully resident in South Africa;
- b) He or she is legally competent to contract (i.e. 18 years of age or older, legally married or legally divorced and of sound mind);
- c) The persons and/or households total income must range between R800 to R3500 per month;
- d) Married or cohabiting: he or she is married (in terms of the Civil Law or in terms of a Customary Marriage) or habitually cohabits with any other person;

- e) Single with Financial Dependents: he or she has proven financial dependents. A financial dependent refers to any person who is financially dependent and who resides permanently with the applicant.

### **3. APPLICATION OF THE GUIDELINE**

The guideline is applicable to:

- a) Public hostels that are owned by the Department and municipalities;
- b) Post 1994 newly developed Community Residential Units;
- c) Existing dysfunctional, distressed and abandoned buildings within the inner city or township areas that have been taken over by the municipality and funded by the Department as CRU's.

### **4. PROCEDURE FOR THE ALLOCATION OF REFURBISHED/CONVERTED HOSTEL/CRU UNITS**

The appointed social facilitator will undertake a survey of the existing tenants. The survey will provide the Department and the Municipality with the following information:

- i. number of persons occupying a unit
- ii. occupants current income
- iii. number of years that the occupant has been living in the unit i.e. together with evidence supporting same e.g. utility bill

The social facilitator will then assist and guide the Department/Municipality to undertake the beneficiary verification and administration process and ensure that there are checks and balances in place so that persons who have been relocated during the conversion/refurbishment period are accounted for. Tenants are evaluated based on their affordability and qualification criteria.

- a) The Municipality will thereafter take a council resolution based on the above findings and inform the Department. A submission will then be drafted to the Housing Adjudication Committee (HAC) for consideration and approval by the HOD. The submission will outline details of the rental units, the proposed beneficiaries and motivation for the approval. All relevant reports must be attached to the submission which will motivate that these beneficiaries are suitable for rental occupation.
- b) The approved submission will then be channelled to the Director: Social Housing & CRU and a delegated official who will thereafter undertake the following directly or contact/liaise with the municipality official to:
  - i. Contact (via a letter) the approved beneficiary and be advised of the approval. He/she will be requested to visit the municipal/departmental offices in order to finalise the lease agreement in order to take occupancy of the rental unit. The letter should also request the tenant to bring the following personal particulars and documentation in order to finalise his/her occupancy:
    - Utility bill
    - Copy of identification document

- Marriage certificate
  - Proof of income
  - Proof of dependants
- c) The approved beneficiary will then sign a lease agreement confirming his or her occupation of the rental unit.
  - d) Prior to occupying the unit a maintenance officer will inspect the unit in the presence of the new tenant ensuring that the rental unit is order and suitable for accommodation.
  - e) The beneficiary will then be registered onto the system.
  - f) The tenant will be issued a rent card (indicating the monthly rental and the due date) and debtor number.
  - g) Persons who do not qualify for the CRU programme should be directed to the relevant housing programme which is applicable to them. The department should advise them of the process which needs to be followed in order to qualify for a subsidy under the designated programme.

## 5. PROCEDURE FOR THE ALLOCATION OF NEW CRU'S

Utilising the municipalities/departments needs analysis and list therein an advertisement calling for qualifying beneficiaries within the municipal development area. The municipality/department must then screen potential beneficiaries in order to determine if they meet the required qualifying criteria.

- a) The Municipality will thereafter take a council resolution based on the above findings and inform the Department. A submission will then be drafted to the Housing Adjudication Committee (HAC) for consideration and approval by the HOD. The submission will outline details of the rental units, the proposed beneficiaries (as per response received after advertisement) and motivation for the approval. All relevant reports must be attached to the submission which will motivate that these beneficiaries are suitable for rental occupation.
- b) The approved submission will then be channelled to the Director: Social Housing & CRU and a delegated official who will thereafter undertake the following directly or contact/liaise with the municipality official to :
  - i. Contact (via letter) the approved beneficiary and advise him/her of the approval. He/she will be requested to visit the municipal/departmental offices in order to finalise the lease agreement in order to take occupancy of the rental unit. The letter should also request the tenant to bring the following personal particulars and documentation in order to finalise his/her occupancy:
    - Copy of identification document
    - Marriage certificate
    - Proof of income
    - Proof of dependants

The abovementioned documents usually serve as proof that the tenant can pay for the rental, water and electricity.

- a) The approved beneficiary will then sign a new lease agreement confirming his or her occupation of the rental unit.
- b) Prior to occupying the unit a maintenance officer will inspect the unit in the presence of the new tenant ensuring that the rental unit is order and suitable for accommodation.
- c) The beneficiary will then be registered onto the system.
- d) The tenant will be issued a rent card (indicating the monthly rental and the due date) and debtor number.

Persons who do not qualify for the CRU programme should be directed to the relevant housing programme which is applicable to them. The department should advise them of the process which needs to be followed in order to qualify for a subsidy under the designated programme

***Note:** Once the National Housing Needs Register has been fully adopted and effective within Municipalities then the register will serve as a source for potential beneficiaries*

## **6. PROCEDURE FOR THE TRANSFER OF OCCUPANCY/LEASE AGREEMENTS**

- a) In the event of separation or desertion, the tenancy may be transferred to the partner or spouse in occupation of the premises following the absence of the legal tenant for a long period of time. The tenancy of the spouse starts from the date of signing the new lease agreement.
- b) In the event of divorce, the tenancy is to be transferred to the spouse who has been granted primary custody of the minor children of the marriage. If joint custody has been granted then the tenancy maybe granted to the spouse who occupies the premises together with the minor children.
- c) In the event of death or spouse/partner, the tenancy may be transferred to the surviving spouse/partner.
- d) In the event of the death of the surviving spouse/partner, the remaining occupants are the minor children of the deceased tenant, the tenancy maybe transferred to a:
  - Legally appointed guardian
  - Family member who is a direct relation to the initial tenant
- e) In the event of marriage or cohabitation, the tenancy may be transferred to the other spouse by written consent of the tenant.
- f) Once the Municipality/Department has been made aware there is a change in the circumstances of the occupant (in terms of any of the scenarios as indicated above) steps need to be taken in order to amend the required lease agreements accordingly. The municipality will consequently inform the Department and thereafter a submission must be drafted to the Housing Adjudication Committee (HAC) for consideration and approval by the HOD. The submission will outline details of the rental units, the proposed beneficiaries (as per the different circumstance of the tenant) and motivation for the approval together with all supporting documents
- g) The approved submission will then be channelled to the Director: Social Housing & CRU and a delegated official who will thereafter undertake the following directly or contact/liaise with the municipality official to contact (via letter) the approved

beneficiary and advise him/her of the approval. He/she will be requested to visit the municipal/departmental offices in order to finalise the lease agreement in order to take occupancy of the rental unit. The letter should also request the tenant to bring the following personal particulars and documentation in order to finalise his/her occupancy.

- Original identification document
  - Marriage certificate
  - Proof of income
  - Proof of dependants
  - Decree of divorce, if applicable
  - Death certificate, if applicable
  - Additional supporting affidavits
- h) Prior to occupying the unit a maintenance officer will inspect the unit in the presence of the new tenant ensuring that the rental unit is order and suitable for accommodation.
- i) The approved beneficiary will then sign a new lease agreement confirming his or her occupation of the rental unit.
- j) The beneficiary will then be registered onto the system.
- k) The tenant will be issued a rent card (indicating the monthly rental and the due date) and debtor number.

## **7. RESOLUTION OF DISPUTES**

Adjudication and mediation must be resolved through a specifically constituted Dispute Resolution Committee (comprising of relevant departmental and municipal officials and with the assistance of legal professionals when required). This committee must take into account the rights and duties of both landlord (Department of Human Settlements/ Municipality) and the tenant as per the Rental Housing Act 50 of 1999. The National Dispute Resolution Guidelines will be used to inform and advise the dispute resolution process (Annexure 1).

**The detailed Interim CRU Allocation Guideline may be accessed on the Department's website on the following link:**

<https://www.kzndhs.gov.za/index.php/features/policy-documents/provincial-policies>

-----END-----