



## **KWAZULU-NATAL PROVINCE**

**HUMAN SETTLEMENTS**  
REPUBLIC OF SOUTH AFRICA

# **Policy Communiqué**

**Circular No. 2/2021**

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

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# REVISED MATERIAL SUPPLY POLICY

The Revised Material Supply Policy was approved by the MEC for Human Settlements and Public Works for implementation with effect from 28 January 2021. The guideline is designed for use in cases of emergency housing situations where households find themselves in need of housing assistance due to reasons beyond their control resulting from a disaster as defined in terms of the Disaster Management Act of 2002.

The material supply mechanism is intended for specific scenarios where the need exists for material to be supplied to qualifying beneficiaries and may only be used as a last resort. A motivation and supporting documents must be provided for the use of material supply over conventional methods of assistance such as the use of an Implementing Agent or Contractor to remedy the situation. Issues such as the capacity to facilitate and monitor the process as well as the accessibility of suppliers must be taken into consideration before using this option.

## 1. APPLICATION OF THE POLICY

The Policy is to be used only during emergencies including Operation Sukuma Sakhe (OSS) and the document must be read in conjunction with the Emergency Housing Assistance as outlined in Part 3 of the Housing Code of 2009.

## 2. APPLICABLE SCENARIOS

TYPE OF STRUCTURE	REMEDY/INTERVENTION
<p><b>Formal</b></p> <p>Upon notification of cases where there have been an occurrence resulting in the damage of a formal structure as a result of a disaster the following should be done:</p> <ul style="list-style-type: none"> <li>▪ The Department's Inspector must undertake a detailed physical assessment of the structure to determine the extent of the damage.</li> <li>▪ A written report must be compiled to inform the Accounting Officer of the</li> </ul>	<p><b>Repair</b></p> <ul style="list-style-type: none"> <li>▪ Identify items that needs to be repaired</li> <li>▪ Compile a bill of quantities based on the items of the structure that needs to be repaired.</li> <li>▪ Request a minimum of 3 quotations and comply with SCM processes to select a suitable supplier.</li> </ul> <p>NB: The bill of quantity for a 40m<sup>2</sup> unit and the prevailing subsidy quantum as prescribed by the National Department of Human Settlements for the Emergency Housing Assistance Programme should be used to guide the maximum allowable costs.</p> <hr/> <p><b>Rebuild</b></p> <ul style="list-style-type: none"> <li>▪ The bill of quantities for a 40m<sup>2</sup> unit and the prevailing subsidy quantum as prescribed by the National Department of Human Settlements for the Emergency Housing Assistance Programme should be used to guide the maximum allowable cost to replace a damaged house with a new structure.</li> </ul>

<p>result of the assessment advising of the appropriate remedy to address the situation.</p> <p>NB: The remedy may be to either repair the identified damage or rebuild the entire structure.</p>	<ul style="list-style-type: none"> <li>▪ Alternatively, a rebuild can be facilitated through the OSS route based on the prevailing subsidy quantum for a 40m<sup>2</sup> unit.</li> </ul>
<p><b>Informal</b></p> <p>Upon notification of cases where there have been an occurrence resulting in the damage of an informal structure as a result of a disaster, the following should be done:</p> <ul style="list-style-type: none"> <li>▪ The Department's Inspector must undertake a detailed physical assessment of the structure to determine the extent of the damage.</li> <li>▪ A written report must be compiled to inform the Accounting Officer of the result of the assessment advising of the appropriate remedy to address the situation.</li> </ul> <p>NB: The remedy may be to either repair the identified damage or rebuild the entire structure to ensure adequate shelter for the household.</p>	<p><b>Repair</b></p> <ul style="list-style-type: none"> <li>▪ Identify items that needs to be repaired.</li> <li>▪ Compile a bill of quantities based on the items of the structure that needs to be repaired.</li> <li>▪ Request a minimum of 3 quotations and comply with SCM processes to select a suitable supplier.</li> <li>▪ A bill of quantities used in preceding cases of informal structures in the Province should be used to guide the required items and costs.</li> <li>▪ The current maximum allowable cost of material supply for informal structures in terms of the Bill of Quantities is R11 344.00 (excluding VAT).</li> <li>▪ Any future escalation in costs must be aligned to the Bureau of Economic Research Building Cost Index (BER-BCI) and must not exceed the prevailing subsidy quantum for the construction of a temporary shelter as per the Emergency Assistance Programme.</li> </ul> <p><b>Rebuild</b></p> <ul style="list-style-type: none"> <li>▪ Compile a bill of quantities for a new structure</li> <li>▪ Request a minimum of 3 quotations and comply with SCM processes to select a suitable supplier.</li> <li>▪ A bill of quantities used in preceding cases of informal structures in the Province should be used to guide all the required items and costs to allow the beneficiary to rebuild their informal structure.</li> <li>▪ The current maximum allowable cost of material supply for informal structures in terms of the Bill of Quantities is R11 344.00 (excluding VAT).</li> </ul>

	<ul style="list-style-type: none"><li>▪ Any future escalation in costs must be aligned to the Bureau of Economic Research Building Cost Index (BER-BCI) and must not exceed the prevailing subsidy quantum for the construction of a temporary shelter as per the Emergency Assistance Programme.</li><li>▪ Alternatively, the household may be relocated and be assisted in an existing project through the OSS route.</li></ul>
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The current prevailing subsidy quantum will, as and when reviewed by the National Department of Human Settlements, replace the current quantum without changing the contents of the Policy.

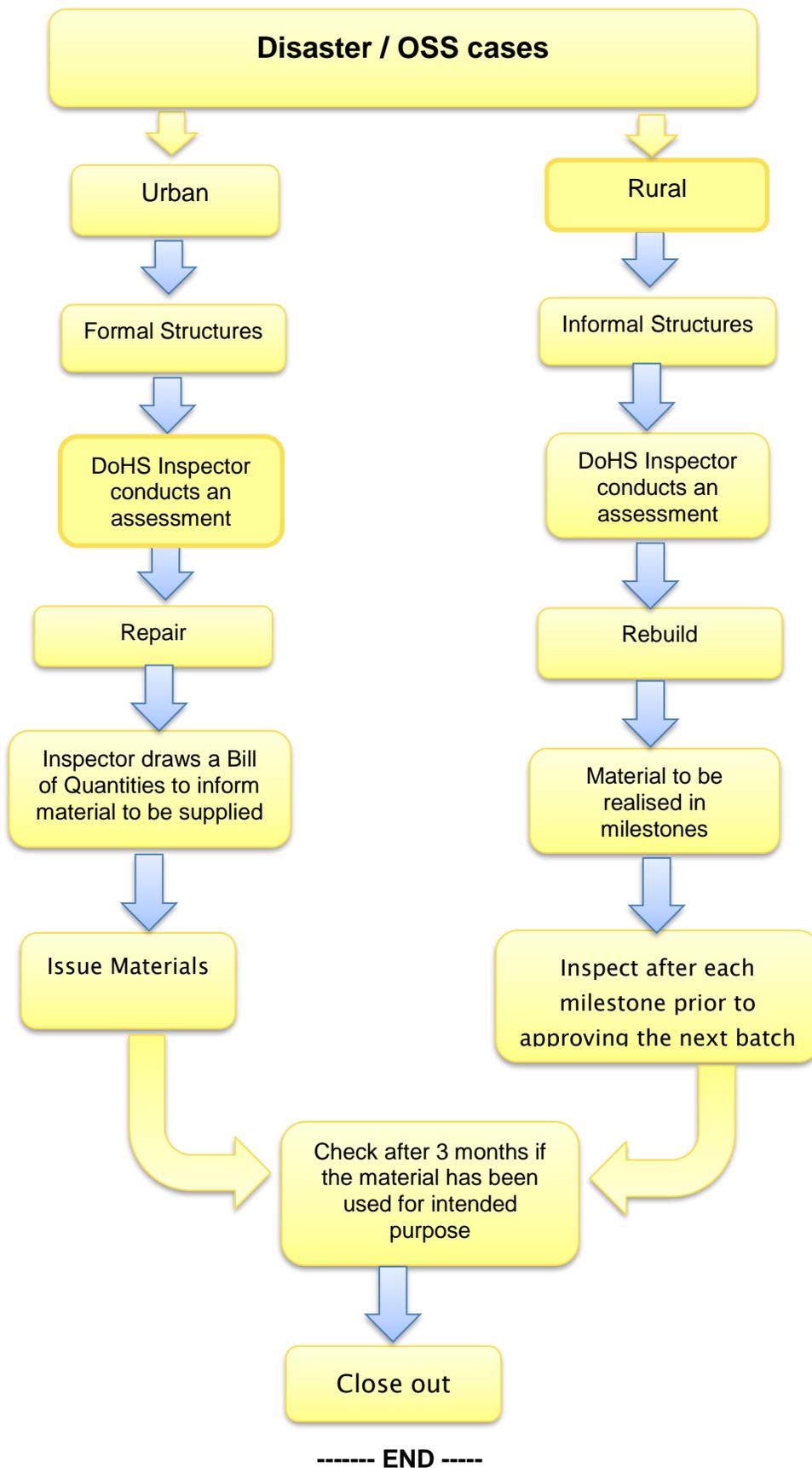
### **3. URBAN AND RURAL SETTLEMENTS**

The supply of material may be used in urban and rural houses. All the aforementioned scenarios/procedures will need be followed depending on the relevant beneficiary circumstances.

### **4. REBUILD MILESTONES FOR FORMAL STRUCTURES**

In the event of formal structures that require to be rebuilt, milestone payments based on the current prevailing subsidy quantum for a 40m<sup>2</sup> unit must be followed and payments must be in line with the approved progress payment milestones.

## 5. MATERIAL SUPPLY PROCESS TO BE FOLLOWED



# IMPLEMENTATION GUIDELINE FOR THE DISPOSAL OF SERVICED SITES

In November 2018, the former Member of Executive Council (MEC) approved the Policy for the Disposal of Serviced Sites. In August 2020, the MEC approved the Disposal of Serviced Sites at Market Value to Persons earning between R22 000 and R40 000. These policies addressed aspects that facilitate an integrated human settlements delivery mechanism by encouraging the sale of serviced sites at affordable prices to qualifying beneficiaries who are willing to build their own housing units. After the approval of these policies, there was a need for an implementation guideline, which would outline the process and procedures that need to be followed.

The Implementation Guidelines for the Disposal of Service Sites was approved by the former MEC for Human Settlements and Public works for implementation with effect from 5 February 2021.

## 1. APPLICATION OF THE GUIDELINE

### The guideline is applicable to

- a) land owned or vested by the Department
- b) land owned by the municipality and identified as part of their Integrated Development Plan (IDP) for development and construction
- c) privately owned land acquired by the Department

## 2. OBJECTIVES

### The objective of this policy guideline is to ensure that:

- a) the processes are clearly defined to obviate fraud related matters and to also avoid issues of criticism when dealing with the allocation of sites
- b) equal access to housing and secure individual ownership of identified service sites is validated and managed
- c) a fair, equitable, transparent and efficient allocation process in respect of the disposal of serviced sites is facilitated
- d) the constituted committee are advised on the allocations process which needs to be followed; and
- e) the land that has been identified for development and complies with the relevant legislation and municipal by-laws i.e. regarding the extent, type of property and zoning

## 3. QUALIFICATION CRITERIA

In addition to the standard qualifying criteria, the following main criteria and special conditions will apply:

- a) The gross household income must range from R3 501 to R40 000 per month.
- b) R3 501 to R22 000: Build or construct own house or enter into a building contract with a department appointed service provider for home construction.
- c) R 22 001 to R 40 000: Purchase a serviced site at fair market value. Only 30% of sites will be allocated to this income groups.
- d) Priority will be given to vulnerable groups, which include the aged, disabled persons and military veterans.

- e) Only one application per applicant will be allowed.
- f) The applicant must prove that he/she will be able to sustain ownership.
- g) The applicant must be genuinely in need of housing for residential purposes.
- h) The applicant must commit to building a habitable dwelling on the site within a period of 5 years from the date of transfer. The municipality and the National Home Builders Registration Council must approve the dwelling.
- i) A building clause requiring that, a habitable dwelling must be built within a period of five years will be included in the Deed of Sale and endorsed on the title deed of the property.
- j) 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 date of purchase, it will revert to the department at the original selling price.
- k) The applicant must be residing within the municipal jurisdiction for a minimum period of 5 years

#### **4. IDENTIFICATION AND FEASIBILITY OF LAND**

The Integrated Planning Directorate will undertake the initial process of identification and feasibility of land Securing and Verifying Land Ownership. The process for Serviced Sites will include the following:

- a) Land Identification Phase and Purchase where applicable.
- b) Planning.
- c) Servicing
- d) Top Structure Construction

#### **5. APPLICATION PROCESS**

Once the land for human settlements has been identified, serviced and made ready for construction the Supply Chain Management Directorate must publish an advertisement in the newspaper inviting applications for the purchase of the vacant sites. The advertisement must be placed in three local newspapers of the approved project areas jurisdiction.

The said advertisement must be specific in terms of the following aspects:

- a) The project area
- b) The qualification criteria
- c) Date of registration
- d) Department of Human Settlements office details for the application
- e) Municipal office details for the application
- f) Hours within which the application will received
- g) Certified documentation that is required from applicants: identity document, marriage certificate, divorce settlement, proof of income, letter from bank confirming credit worthiness, availability of funding and/or bond approval
- h) Affidavit (if applicable) confirming their need for housing

Applications must be made using the official application form made available by the Department of Human Settlements when required. The application will be received by the department's regional office and captured accordingly in a register which must include the specifics of the individual and also verified against the required checklist. This will include verifying that all the requested documents are attached and certified.

The district/regional office will receive and stamp the applications with the date of opening and record these applications in a register. A letter of acknowledgement of receipt of the application must be drafted and sent out to all applicants. The district/regional office must then collate the information on the application form together with a copy of the register and report and thereafter submit it to the Allocations Committee. The Committee will then verify the abovementioned documents when received.

- a) The qualifying applicant's details, must be submitted to the subsidy administration directorate for the required verification and checks against the various data bases namely home affairs, deeds search, national housing subsidy data base etc.
- b) The unsuccessful applicants will then be informed in writing of the reason/s for not qualifying.
- c) Incomplete applications will be referred back to the relevant applicants requesting him/her to rectify the application. This could be related to incomplete information, lack of documentation proof or errors made on the application form etc.
- d) A pre-screening report must be compiled by the allocation committee's secretariat detailing the following:
  - i. Number of applications received
  - ii. Number of successful applications (which may include referred back applications)
  - iii. Number of unsuccessful applications (which may include referred back applications)

## 6. ALLOCATION PROCESS

Within a period of 21 days the verification process must be completed by the Subsidy Administration Directorate and the regional/district office must receive the requested information from the referred back application where after the committee will then consider all the application details, verifications and documentation before them and confirm whether the applicants have been successful.

The decisions taken by the committee must be captured in the minutes of the meeting. A submission to the MEC for approval will be drafted detailing the reasons for the selection of the successful applications together with attached copies of the applicant details and minutes of the committee meetings. The submission must also include details of the unsuccessful applicants and the reason/s thereof.

- a) **Successful Applications:** The list of all approved applicants must be compiled and displayed at the relevant municipal offices. These applicants must also be contacted telephonically and via an official letter indicating that they have been successful in securing a housing opportunity within the said project/area. He/she must also be requested to visit the municipal/departmental offices in order to finalise the official documentation necessary to finalise the agreement with the department. The letter should also request the applicant to bring the original documentation that was submitted with the application in order to finalize the allocation.
- b) **Unsuccessful Applications:** An appeal period of 14 days from the date of display should be allowed for written appeals/disputes to be dropped into a secure appeals box situated at the municipal offices. These applicants must be contacted telephonically and via an official letter indicating the reason why he/she has been unsuccessful in their application for a serviced site. The letter should also indicate that the unsuccessful applicant has the option to dispute the said decision. He/she must be advised of the process which needs to be followed in the case of a dispute, namely:

- i. Give notice to the department of the intention to dispute
- ii. The timeframe within which the dispute notice must be given
- iii. The responsible person/directorate who should be contacted
- iv. The necessary supporting documents which must accompanied by the notice of dispute
- v. Dropping of the appeal in the secure box at the municipal office

## **7. DISPUTE RESOLUTION**

All disputes regarding unsuccessful applications and issues related thereto must be resolved through a specifically constituted Dispute Resolution Committee comprising of relevant officials and with the assistance of legal professionals when required.

**----- END -----**

The detailed Revised Material Supply Policy & Implementation Guidelines for the Disposal of Serviced Sites may be accessed on the Department's website using the following link: <https://www.kzndhs.gov.za/index.php/features/policy-documents/provincial-policies>