

INTRODUCTION

Currently, there are a large number of state-owned residential properties that remain in the hands of the public sector that need to be transferred into private ownership. With the post-1994 approach to achieving equity and desire to normalize the housing market, National Government initiated various policies to encourage the transfer of publicly owned housing stock (pre-1994) to qualifying occupants using the Enhanced Extended Discount Benefit Scheme (EEDBS).

WHAT IS ENHANCED EXTENDED DISCOUNT BENEFIT SCHEME (EEDBS)?

The EEDBS was introduced to assist persons to acquire state financed rental housing and existing sale debtors to settle the outstanding balance purchase of prices on properties acquired from the public sector or to settle publicly financed credit that had been used for housing purposes. This programme applies to state financed properties first occupied before the 1 July 1993 and stands or units contracted for by 30 July 1993 and allocated to individuals by 15 March 1994.

This programme entails the discounting of an amount on the selling prices and outstanding loan balance of the property. Where the discount equals or exceeds the purchase price or loan balance, the property is transferred free of any further capital charges. In a nutshell, the objective of the programme is to transfer the Government's housing rental stock to qualifying occupants.

QUALIFYING CRITERIA

Applicants for the EEDBS must satisfy the following qualifying criteria:

- Have an outstanding debt with the Department in respect of the property.
- Must be competent to contract with the Department.
- Have not yet benefited from any government subsidy.
- Have a legally binding contract with the Department eg. Lease agreement
- Where the registered tenant cannot be found and the individual or household occupying the housing unit is not the registered beneficiary/ tenant but can prove that she/ he has attained occupation by peaceful means and has taken on the responsibility of a tenant and acted accordingly, he/she may be considered for regularization. Each case is considered on its own merit.

WHO DOES NOT QUALIFY?

- Debtors who have settled their indebtedness fully.
- Persons who've taken transfer without claiming R7 500(Retrospective claims not allowed)
- Persons who have previously been granted a subsidy from the Government for housing purposes.

RENTED PROPERTY

Where the legal tenant is deceased, the next of kin may be considered for regularization and a sale agreement may be entered into with the surviving spouse or child in occupation of the property.

Further instances that may be considered:-

Other types of succession which can be dealt with in terms of existing prescripts, policies and common law principles.

Occupants who have sublet from the legal tenant may be considered at the discretion of the relevant housing authority. The consideration/approval is subject to each case being motivated on merit.

PRE-EMPTIVE RIGHT OCCUPANCY CLAUSE IS APPLICABLE

The Government has noticed that a number of beneficiaries wish to make quick money and sell their houses immediately after taking transfer. In order to discourage this practice, the Government has introduced the Pre-Emptive Occupancy Clause to all pre-1994 Government housing stock that has been transferred to qualifying occupants using the Enhanced Extended Discount Benefit Scheme (EEDBS) policy. This prevents the beneficiary from selling the property within a specific period, e.g. 8 years.

TRANSFER COSTS

Where the services of a conveyancer are required, the Department will bear the costs. The Department will be liable for all the transfer costs and for the application of the rate and levy clearance certificate (where applicable).

Beneficiaries are urged to keep their municipal services account up to date and bring a copy of their latest water and lights account to the department.

CALCULATION OF THE EEDBS AMOUNT FOR THE DIFFERENT INCOME BRACKETS

The calculation of the EEDBS amount and the quantum of the write-off are based on the income categories of the households as follows:

DIFFERENT INCOME BANDS REQUIRED TO QUALIFY

INCOME BAND PER MONTH PER HOUSEHOLD	RENTAL/LOAN ARREARS/ INTEREST	EXPLANATION
R0-1 500	100% WRITE OFF	FULL INDIVIDUAL SUBSIDY AMOUNT OF R31 929 APPLIES.
R1 501- R3 500	100% WRITE OFF	INDIVIDUAL SUBSIDY AMOUNT OF R29 450 APPLIES .PROVISION FOR FUTHER WRITE OFF UP TO R2 479.
R3 501-R7 000	50% WRITE OFF 50% RECOVERY	INDIVIDUAL SUBSIDY AMOUNT OF R 7 500 APPLIES .50% ARREARS FOR WRITE OFF.
R7 001 AND ABOVE	RECOVERY	INDIVIDUAL SUBSIDY AMOUNT OF R7 500 APPLIES.

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Please remember that there is now a dedicated email address to deal with all EEDBS queries. These queries are registered and responded to within 3 working days. The dedicated -email address is EEDBS@kzndhs.gov.za