



## human settlements

Department:  
Human Settlements  
**PROVINCE OF KWAZULU-NATAL**

# Policy Communiqué

**Circular No.2/2017**  
**Date : 1 November 2017**



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## **GUIDELINES FOR MONITORING OF OPERATIONAL FUNDING & BUSINESS PLAN**

In March 2017 the MEC for Human Settlements & Public Works approved the Guidelines for Monitoring of operational funding & business plan. The purpose of the guidelines is to provide guidance to accredited municipalities relating to the utilisation of allocated operational funding and accountability thereof through providing the department with progress reports. The key components of the guidelines are as follows:

### **a) Business Plans**

The guidelines specify that two types of business plans are required from the municipalities, these are as follows:

#### **(i) Operational Business Plan**

Municipalities must prepare Operational Business Plan which should be aligned to the Medium Term Expenditure Framework (MTEF) period. This plan must be submitted to the department by 30 September of each year.

This plan will give a clear indication of who is employed in the Housing Unit (structure or organogram) and how much each person is being paid. A Procurement Plan should also be attached as an addendum of the Operational Plan, this will provide a breakdown of services and goods that will be purchased and/or anticipated in a given period.

Any deviation from the operational business plan must be submitted to the Provincial Department of Human Settlements through the Unit responsible for accreditation for approval.

#### **(ii) PROJECT BUSINESS PLAN**

A Project Business Plan which is aligned to the MTEF period should be submitted each financial year alongside the Operational Business Plan. The Municipality must apply for reservation of funding to support their project business plan and these projects must be in the approved Integrated Development Plan (IDP).

## **b) Approval Of Projects**

In terms of the Accreditation Framework municipalities who have level two accreditation can approve specific projects and municipalities who have level three accreditation can approve projects. These municipalities must initially consult with Departments' officials from Integrated Planning Unit, Municipal Support & Consumer Education, Project Management as well as the Product Development (Policy) Units on proposed projects to obtain advice at a technical level and from a strategic and business plan perspective, before submitting the projects to Council for approval. All projects must be within allocated budgets.

## **c) Reporting**

Municipalities who have received an operational budget must report to the Department on a quarterly and annual basis as agreed upon in the Implementation Protocol. The department and the municipality must have quarterly Performance Review meetings.

The Municipality must also submit reports and financial reconciliations monthly, quarterly and annually by the 14th of the next month or quarter.

## **d) Procurement of goods**

It is impractical for the department to develop overarching specifications/standards of goods to be purchased by municipalities because of different needs that exist in municipalities. Thus, the housing unit in the accredited Municipality are allowed to purchase in accordance with their delivery needs however this must be done within the specifications of Treasury Regulations and approved supply chain management within a particular municipality.

## **e) Accrued interest**

Accrued interest must be reflected and permission (as provided by Section 19 (1-3) of the Provincial Housing Act) to utilize those funds must be requested from the MEC for Human Settlements and Public Works as the "Executive Authority" through the Unit dealing with accreditation.

**For enquires related to this article, the office of the Director: Municipal Support & Consumer Education (Mr. B. Sithole) can be contacted on 031 336 5326.**

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## **POLICY GUIDELINE FOR THE REGULARIZATION OF OCCUPANTS OF PRE 1994 HOUSING STOCK**

The guideline is applicable to Pre 1994 housing stock with an intent of facilitating an equitable, transparent and fair allocation and transfer of Pre-1994 housing development properties to occupants/qualifying beneficiaries.

### **The policy guideline refers to different scenarios:**

#### **a) Sale/Lease Agreements**

Whilst the qualification criteria is an important factor in determining the regularizations process the sale and lease agreements are also taken into account as they are legal binding documents and outlines rights duties and obligations of both the contracting parties.

#### **b) Deceased Beneficiaries**

If a sale agreement has been concluded but there is no executor (intestate) and the dependents of the deceased/surviving heirs of the estate are located (or are occupying the housing unit) then they should be advised to recommend any one of them to be appointed as the Executor of the Estate. Seemingly there is no will thus and once they receive letters of executorship from the office of the master, the property is to be transferred to the estate with the executor signing the necessary transfer documents. Thereafter the transfer will be affected into the estate late. This process devolves in terms of the intestate rules of succession.

If a sale agreement has been concluded and an executor of the deceased estate has been appointed. Once the letter/s of executorship has been obtained from the masters' office, the property is transferred to the estate with the executor signing the necessary transfer documents. Thereafter the transfer will be affected into the estate late. This process devolves in terms of the rules of testate succession.

#### **c) Missing Beneficiaries**

If a beneficiary has concluded a sale agreement with the developer/ municipality but the transfer has not taken place. This beneficiary has been approved and entered on the National Housing database but is now missing, the beneficiary list will be simultaneously published at the municipal offices (a notice in at least two official languages) and in two local newspapers which are in circulation at the respective district, requesting the beneficiary to make himself/herself available in order to take transfer of the property. The developer/municipality must also take all reasonable steps to locate the beneficiary or his/her family members at the last given address allowing the beneficiary a period of thirty (30) calendar days to respond. Should the beneficiary not respond within the given time period then he/she is in breach of the contract since

he/she has not taken transfer of the property. The sale can therefore be cancelled and the property will be reallocated.

The missing beneficiaries name must be removed from the National Housing Database since he/she did not receive the subsidy and replaced by the new beneficiary. The Department in this circumstance reserves their right on the project and housing unit and the beneficiary will lose right to any claim thereof. After the 30 calendar day period has expired, Department/Municipality must request the current occupant to provide the relevant supporting document.

#### **d) Regularization Of Illegal Occupancy**

If it is established that the purchaser/lessee has illegally sublet the property, necessary administrative steps should be taken to trace the legal purchaser/legal tenant at his given *domicilium citandi* by way of a notice requesting the legal purchaser/legal tenant to redeem the breach of contract with regard to subletting within a period not exceeding thirty (30) calendar days. Failure to remedy the breach of contract within the stipulated period will result in the deed of sale/lease agreement being cancelled and a new deed of sale/lease agreement will then be entered into with the illegal occupant (subject to him/her meeting the qualifying criteria). A follow up letter will then be sent to the purchaser/lessee at his *domicilium citandi* confirming the cancellation of the sale/lease agreement.

For the purposes of allocation, income as at date of occupation by the illegal occupant will be considered. The illegal occupant will have to provide proof of date of occupation and neighbours confirming his/her occupation as claimed by the illegal occupant. This will validate that she/he has consistently taken on the responsibilities of a tenant despite being in illegal occupation of the premises.

After the 30 calendar day period has expired, Department/Municipality must request the illegal occupier to report to the office. The occupant will be requested to bring a sworn statement (affidavit) as well as his or her personal particulars and documentation in order to finalise his/her occupancy.

A submission must then be drafted and submitted to the Head of Department for approval. All relevant supporting documents must be attached to the submission.

#### **e) Writing Off And Recovery Of Debts**

All outstanding debts on the pre 1994 housing stock will be written off and/or recovered, as prescribed and contained in the Procedure for Write-Off Debt (approved on 11 October 2006) and the Reviewed Policy Debt Recovery Procedure and Administrative Arrangements as approved by the MEC on 24 April 2017.

NB: COMPREHENSIVE POLICY DOCUMENTS WITH NECESSARY ATTACHMENTS ARE AVAILABLE ON THE DEPARTMENT'S WEBSITE: [www.kzndhs.gov.za](http://www.kzndhs.gov.za)

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