

POLICY ON THE DISPOSAL OF RELIGIOUS & WELFARE SITES

On 19 February 1999, the former MEC for Housing, Mr N. Singh approved the use of Circular E4 of 1993 as an instrument to calculate selling price of religious and welfare sites. Circular E4 calculates the selling price for religious and welfare sites as follows:-

1. 15% of the compensation per hectare land be calculated by dividing the acquisition cost of the land for the township (ie. the purchase price including capitalised interest, transfer and survey costs) by the total useable portion of township; plus
2. 10% of the cost of services calculated per unit area (ie. per hectare or square metre) of the costs of services of residential sites.

When the Housing Act, Act 107 of 1997 was promulgated, it repealed all relevant previous legislation. In terms of Section 14(3)(a)(ii) of Act 107 of 1997, any land that is not suitable for housing purposes must be sold at a fair market value or in the best interest of the state at a price approved by the MEC for Housing, based on motivation to this effect.

Section 14 of Act 10 of 1997 clearly spells out the arrangements regarding assets of the Board ie. sale of immovable property at fair market value.

On 13 October 2000, it was approved by the Department of Housing that:-

2. Circular E4 of 1993 is not a valid document for the calculation of site prices for religious and welfare sites and the prescriptions of Section 14 of Act 107 of 1997 be applied;
3. Religious and welfare sites be sold at fair market value or, if this is not possible, motivation be submitted to the MEC for Housing, in accordance with Section 14 of Act 107 of 1997, for approval to sell the land below market value; and
4. The net proceeds of the sale be paid into the relevant municipal housing operating account.