



human settlements

Department:
Human Settlements
PROVINCE OF KWAZULU-NATAL

Policy Communiqué

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ADJUSTMENT OF THE HOUSING SUBSIDY QUANTUM AND ENHANCEMENTS TO THE NATIONAL NORMS AND STANDARDS

The Minister of Human Settlements, after consultation with the nine Members of the Executive Councils responsible for Human Settlements/Housing of the nine Provincial Governments and the South African Local Government Association, approved the enhancement of the National Norms and Standards for the Construction of Stand Alone Residential Dwellings and Engineering Services. These enhancements to the Norms and Standards will take effect on 1 April 2014.

The enhanced Norms and Standards in respect of the dwellings are based on the requirements of the 2011 revised National Building Regulations; South African National Standard (SANS) 10400 XA- Energy Usage in Buildings.

In addition to the enhancements to the Norms and Standards, The Minister also approved two new house typologies. A special dwelling comprising 45 square metre of gross floor area designed to cater for the needs of disabled persons who are wheelchair dependant has been approved. This new dwelling provides adequate internal space for wheelchair movement. In line with the agreement reached with the Department of Military Veterans, a special dwelling comprising 50 square metre of gross floor area with higher level of finishing has been approved for delivery to approved military veterans subsidy beneficiaries. This approval is subject to the condition that the difference in the cost of the revised new subsidy financed house, available to households earning R0 to R3 500 per month and the cost of the enhanced house for military veterans, is financed by the Department of Military Veterans.

To ensure that the new enhanced Norms and Standards are achieved, the Minister also approved the adjustment of the Housing Subsidy quantum with effect from 1 April 2014. The new subsidy quantum is based on current market prices and includes escalation cost. The details of the revised Norms and Standards are as follows:

THE MINIMUM STANDARD 40 SQUARE METRE SUBSIDY HOUSE

The Norms and Standards for the minimum size 40 square metre house, to be delivered to qualifying beneficiaries earning R0 to R3 500 per month, have been adjusted by the addition of the following measures to improve the thermal performance of the dwellings:

- The installation of a ceiling with the prescribed air gap for the entire dwelling;
- The installation of above-ceiling insulation comprising a 130mm mineral fibreglass blanket for the entire house;
- Plastering of all internal walls;
- Rendering on external walls;
- Smaller size windows; and
- Special low E clear and E opaque safety glass for all window types as prescribed;

In addition to the above enhancements, approval was also granted for the revision of the current Pre-paid Ready Board electrical installation. These improvements entail a standard basic electrical installation comprising a pre-paid meter with a distribution board and lights and plugs to all living areas of the house.

The total cost of the new dwelling amounts to R110 947, 00. The detailed cost breakdown for the 40 square metre house is attached as **Annexure A**.

Certain other minor adjustments to the general specification of the dwelling were also effected and these are contained in the detailed Bill and Elementary Bill of Quantities for the dwelling, which will be forwarded by the National Department of Human Settlements shortly.

INTERNAL MUNICIPAL ENGINEERING SERVICES

In regard to internal municipal services, approval was granted that Provincial Human Settlement/Housing Departments and Municipalities may decide to install either A Grade or B Grade levels of services as required by the development context of each project area. Typically A Grade level of services will be required in new Greenfield developments where the Integrated Residential Development Programme is applied to finance the development of holistic, all inclusive and integrated township, providing access to the variety of housing, business and institutional land uses. B Grade level of services will on the other hand be feasible in Informal Settlement upgrading areas, infill schemes in areas where such services are the norm etc.

It should be noted that in all cases, except in projects where the Rural Housing Subsidy Programme: Informal Land Rights are applied, the minimum level of services as prescribed in Volume 2: Technical and General Guidelines of the National Housing Code, 2009, must be adhered to.

It is furthermore acknowledged that the cost of municipal infrastructure is by and large determined by the nature of the township design and layout. The street front length of the stands is a determining factor in this regard and this must be taken into account when townships are designed. It is therefore not feasible to prescribe a predetermined maximum amount to be used for infrastructure provision. Approval was thus granted that provinces and municipalities should design new townships on the principle to achieve the most economic outcome possible and that the final cost of the infrastructure will be determined on a per project basis at the discretion of the Members of the Executive Councils of the nine Provincial Governments based on the prescribed procurement process outcomes.

To facilitate planning and budgeting processes, the Department has determined the current cost of delivering a serviced stand at A and B Grade levels. These amounts will be adjusted annually in terms of the current approved application of the Bureau of Economic Research- Building Cost Index (BER-BCI) of the University of Stellenbosch. The approved guideline amounts are as follows:

The cost of A Grade engineering services:

Indirect cost	R 6 556
Direct cost	<u>R37 070</u>
Total	<u>R43 626</u>

The cost of B Grade engineering services

Indirect cost	R 6 556
Direct cost	<u>R27 845</u>
Total	<u>R34 401</u>

The detail composition of the direct and indirect cost is illustrated in **Annexure B and C**.

THE SPECIAL DWELLING FOR DISABLED PERSONS DEPENDENT ON WHEELCHAIR USE

The cost of the dwelling designed for disabled persons dependent on wheelchair use amounts to R164 136.00. The detailed cost breakdown of this dwelling is illustrated in **Annexure D**. The Elementary Bill of Quantities for the relevant dwelling will be forwarded by the National Department of Human Settlements shortly.

It is important to note that the new house designed for disabled persons, who are dependent on wheelchair use, replaces the current provisions of the Variation Manual for the Adjustment of the Housing Subsidy Scheme Quantum to Cater for Extraordinary Precautionary Measures. All the additions to the house for a disabled person dependent on wheelchair use, as prescribed in the Variation Manual, have been catered for in the new house design, the specification and the cost of R164 136.00. No variations will, with effect from 1 April 2014, be available for disabled persons dependent of wheelchair use.

THE HOUSE DESIGNED FOR PROVISION TO APPROVED MILITARY VETERANS

The cost of the dwelling designed for provision to approved military veterans subsidy beneficiaries, which dwelling also comply with the revised National Building Regulations, SANS 10400 XA, amounts to R188 884.00. The detailed cost breakdown is illustrated in **Annexure E**. The Bill of Quantities for the relevant dwelling will be forwarded by the National Department of Human Settlements shortly.

The house for military veteran beneficiaries must comprise the following:

- The size of the house must be at least fifty (50) square metre of gross floor area;
- Interior walls must be plastered and painted;
- Two bedrooms;
- A combined kitchen/living area and a kitchen basin;
- Floor tiles throughout the house;
- Fitted kitchen cupboards, stove, solar water heating device, with hot and cold water taps;
- Basic electricity installation/comprising at least one light in each room, two lights in the combined kitchen/living area and an electrical plug in each of the bedrooms and two plugs in the combined kitchen/living area;
- Single carport with paving; and
- Fencing around the stand perimeter.

The following National Housing Programmes are affected by the revised National Norms and Standards that will take effect on 1 April 2014:

THE INDIVIDUAL HOUSING SUBSIDY PROGRAMME

The Individual Housing Subsidy Quantum increases to:

House cost:	R110 947
Services cost:	R 43 626
Raw land cost	<u>R 6 000</u>
Total subsidy	<u>R160 573</u>

CONSOLIDATION SUBSIDY PROGRAMME

The Consolidation Subsidy quantum will amount to R110 947.00.

THE INSTITUTIONAL HOUSING SUBSIDY PROGRAMME

The subsidy quantum in respect of the Institutional Housing Subsidy Programme amounts to R110 947.00. The requirement that the approved housing institution must make a financial contribution towards the total cost of the units, is sustained. The minimum contributions will thus be equal to the cost of the raw land and/or the municipal engineering services cost.

THE INTEGRATED RESIDENTIAL DEVELOPMENT PROGRAMME (IRDP) AND THE PEOPLE'S HOUSING PROCESS (PHP) PROGRAMME

The subsidy quantum in respect of these programmes amounts to:

- The house cost: R110 947
- The municipal engineering services cost will be equal to the actual services installation cost of the relevant approved service levels. The guideline amounts are:
 - ❖ A Grade engineering service level: R43 626
 - ❖ B Grade engineering service level: R34 401;
- Raw land cost will be equal to the actual land acquisition cost.

It is once again confirmed that the province and municipalities must ensure that housing subsidy beneficiaries are informed of the value of the subsidy products transferred in their ownership. The relevant Deeds of Grant of the properties must contain the detail composition of the product cost to ensure that beneficiaries are fully aware of the value of their assets.

In regard to the following National housing Programmes, it is confirmed that the annual BER-BCI based grant quantum adjustment is currently being considered and that a further communication is expected in this regard from the National Department of Human Settlements:

- The Emergency Housing Assistance Programme;
- The Blocked Project Programme;
- The Social and Economic Amenities Programme;
- The Upgrading of Informal Settlements Programme

In conclusion, it is acknowledged that the approval of the new Norms and Standards for the dwellings to be financed from the National Housing Programmes was delayed and that dwellings delivered under the Programme since 10 November 2011 may not have complied with the provisions of the revised National Building Regulations. The National Department of Human Settlements is in the process of engagements with the Department of Trade and Energy on the matter and you will be advised of the outcome of the deliberations. In addition, Human Settlements MINMEC requested the Department to engage with the Department of Energy on the possibility of a financial contribution by that Department towards achieving the approved full electrification of the subsidy financed houses. You may expect a further communication as soon as the matter has been resolved.

The Department is in the process to revise Section 2.1.7 of Volume 2: Technical and General Guidelines: The National Norms and Standards for Standalone residential dwellings financed through the National Housing Programmes of the National Housing Code, 2009. The revised document will be provided in due course.

The enhancements to the Variation Manual as supported by the Task Team: Development of National Housing Programmes will now feed into the MINMEC decision-making process. As soon as approval of the revised Manual is obtained, the revised document will be disseminated to all stakeholders.

The outstanding documents mentioned above such as the bills of quantities, adjusted variation manual, etc. will be communicated to stakeholders once received from the National Department of Human Settlements.

COST BREAKDOWN OF THE STANDARD 40 SQUARE METRE DWELLING TO BE FINANCED FROM THE NATIONAL HOUSING PROGRAMME FOR PERSONS EARNING R0 TO R3 500	
IMPLEMENTATION DATE: 1 APRIL 2014	
Cost element	Cost
Earthworks	R 6 707.48
Concrete, Formwork & Reinforcement	R 10 780.37
Brickwork	R 15 528.48
Roof Structure	R 8 832.44
Ceiling and insulation	R 7 311.82
Windows	R 8 083.53
Doors and Frames	R 6 558.00
Finishing and paintwork	R 10 637.98
Electrical	R 9 958.40
Plumbing and toilet	R 9 976.38
Sub Total A	R 94 374.88
P & G	R 8 578.67
Sub Total B	R 102 953.55
Project manager	R 3 604.00
Clerk of works	R 3 089.00
Transfer cost	R 1 000.00
Beneficiary administration	R 300.00
Total	R 110 946.55
Total rounded off	R 110 947.00

COST BREAKDOWN OF MUNICIPAL ENGINEERING SERVICES - DIRECT COST							
IMPLEMENTATION DATE: 1 APRIL 2014							
A GRADE SERVICES: DIRECT COST							
Zoning	Size in m ²	Street front	Cost of Water per unit	Cost of Sewer per unit	Cost of Roads per unit	Cost of Storm water per unit	Total cost per unit
Res1	243	9 m	R3 928	R6 841	R22 363	R3 941	R37 070
	294	10m	R4 242	R7 396	R25 158	R4 762	R41 557
	122	5m	R2 660	R4 620	R11 181	R1 970	R20 432
	236	10m	R4 242	R7 396	R25 158	R3 821	R40 617

Most cost effective street front is 9m at 243m² at a cost of R37 070 plus indirect cost at R6 556.28 totalling to R 43 626.00 (rounded off)

B GRADE SERVICES: DIRECT COST								
Zoning	Size (m ²)	Street Front	Cost of Water per unit	Cost of Sewer per unit	Cost of Roads per unit	Cost of Storm Water per unit	High mast lighting per unit (optional)	Total cost per unit
Res 1	294	10m	R 4 948.00	R 8 803.00	R 11 269.00	R 2 608.00	R 2 265.00	R 29 893.00
	243	9m	R 4 601.00	R 8 803.00	R 10 017.00	R 2 158.00	R 2 265.00	R 27 845.00
	122	4.5m	R 3 216.00	R 8 803.00	R 5 008.00	R 1 079.00	R 2 265.00	R 20 372.00
	236	10m	R 4 948.00	R 8 803.00	R 11 269.00	R 2 093.00	R 2 265.00	R 29 378.00

Most cost effective street front is 9m at 243 m² at a cost of R27 845 plus indirect cost at R6 556.28 totalling to R 34 401.00 (rounded off)

Excluding street lighting

Annexure C

SERVICED STAND: COST BREAKDOWN OF MUNICIPAL ENGINEERING SERVICES: INDIRECT COST		
IMPLEMENTATION DATE: 1 APRIL 2014		
Indirect cost	Detail description	Cost per unit
Safety Inspector	Six month project duration	R 96.00
Environmental Control officer	Six month project duration	R 96.00
Pre planning studies	EIA, excl. specialist studies and Wula	R 500.00
	Traffic Impact study- Capacity analysis at 7 intersections	R 98.00
	Urban design	R 300.00
Project management	SACPMP Gazetted fee scale with 20% discount	R 1 505.50
Geotechnical evaluation	GFSH2 Phase 1	R 105.00
Contour survey	Greenfields project	R 30.00
Land survey and pegging	Greenfields project	R 300.00
Land survey examination fee	Greenfields project	R 65.00
Town planning	SACPLAN	R 368.20
Civil Engineer	ECSA Gasetted fee scale with 20% discount	R 2 256.17
Site supervision- civil	Construction period of 6 months	R 480.00
Social facilitation		R 316.41
Legal fees	Conveyancing Certificate	R 40.00
Total		R 6 556.28

DETAILED COST BREAKDOWN OF 45 SQUARE METRE HOUSES FOR DISABLED PERSONS DEPENDANT ON WHEELCHAIR USED BASED ON SANS 10400XA INCLUDING OTHER MEASURES IMPLEMENTATION DATE: 1 APRIL 2014	
Cost element	Cost
Foundations	R 11 108.64
Ground floor construction	R 12 394.86
External envelope	R 25 192.99
Roof	R 8 173.37
Ceilings and insulation above ceiling	R 8 239.65
Internal divisions	R 13 959.66
Floor finishes	R 8 810.30
Internal wall finishes	R 20 863.67
Plaster of internal walls	R 1 817.55
Windows: Special Low E clear and opaque glass	R 4 533.77
Electrical installation	R 10 579.55
Internal plumbing	R 12 105.04
Site clearance	R 2 999.30
P&Gs	R 12 119.64
Sub Total A	R 152 898.00
Escalation	
Sub Total B	
Project management	R 5 351.00
Clerk of works	R 4 587.00
Sub Total C	R 162 836.00
Transfer fees	R 1 000.00
Beneficiary administration	R 300.00
Total	R 164 136.00

DETAILED COST BREAKDOWN FOR MILITARY VETERANS 50 SQUARE METRE HOUSE	
IMPLEMENTATION DATE: 1 APRIL 2014	
Cost elements	Cost
Earthworks	R 7 383.36
Concrete, Formwork & Reinforcement	R 12 260.91
Brickwork	R 21 780.04
Roof Structure	R 18 056.51
Ceiling	R 7 389.27
Above ceiling insulation	R 1 572.66
Windows standard	R 3 521.05
Windows special low e clear and opaque glass	R 3 991.19
Doors and Frames	R 6 335.73
Finishing and paintwork	R 18 451.74
Electrical	R 11 245.67
Floor and wall tiling	R 12 115.12
Plumbing and toilet plus rain water disposal	R 17 209.43
2 plate hob	R 393.17
Joinery	R 3 538.49
Carport	R 12 356.64
Fencing (32,5m)	R 3 468.28
Sub Total A	R 161 069.28
P & G	R 14 640.95
Sub Total B	R 175 710.23
Clerk of works	R 5 510.00
Project manager	R 6 364.00
Transfer cost	R 1 000.00
Beneficiary administration	R 300.00
Total	R 188 884.23
Total rounded off	R 188 884.00