



human settlements

Department:
Human Settlements
PROVINCE OF KWAZULU-NATAL

Policy Communiqué

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INTERIM ADJUSTMENT OF THE HOUSING SUBSIDY QUANTUM FOR 2012/13

The National Department of Human Settlements is in the process to finalise the proposals developed on the design of the new minimum norms and standards and the cost of the envisaged house that will comply with the adjusted National Building Regulations and which will be provided to qualifying housing subsidy beneficiaries. It is expected to approach Human Settlements: MINMEC early this year for approval of the relevant proposals that have been formalised and are supported by the Task Team: Development and Implementation of National Housing Programmes.

However, since some provinces indicated that there is an urgent need for an interim adjustment of the housing subsidy quantum, pending the final approvals of the new standards and cost by Human Settlements: MINMEC, the Department, in consultation and with the approval of the Minister of Human Settlements decided to adjust the subsidy quantum with immediate effect. This adjusted subsidy quantum will apply with effect from 6 December 2012 until Human Settlements: MINMEC approves the new norms and standards and cost of the envisaged new house typology.

The subsidy quantum is adjusted based on the projected 2012 building cost escalation, determined and published by the University of Stellenbosch's Bureau of Economic Research (BER- Building Cost Index) of 9,8%. This interim adjustment of the subsidy quantum is subject to the condition that it may only be applied to housing projects that have not been contractually committed as on 6 December 2012. Under no circumstances may the adjusted subsidy quantum be applied to current projects to cater for project cost escalation, neither may it be applied to enhance contractors' profit margins and/or to enhance the quality or norms and standards of houses currently under construction.

The adjusted Individual Housing Subsidy Programme subsidy amounts to R96 362.00 and will apply in the case of all Individual Subsidies approved and contracts entered into after 6 December 2012.

The details of the adjusted subsidy and grant amounts are as follows:

The housing subsidy quantum

The detailed cost breakdown of the subsidy quantum for the construction of the new 40 square meter house of R64 666, 00 is attached as [Annexure A](#).

The funding for the provision of municipal engineering services

In cases where the housing subsidy funding is used for the provision of municipal engineering services as indicated, the maximum amount that may be considered increased to R25 696,00 per stand. While either A Grade or B Grade Services may be installed the subsidy funding is calculated on the provision of B Grade services. Any additional funding required financing the installation of A Grade services must be procured from alternative sources. The detailed breakdown of the amount is attached as [Annexure B](#).

Informal Settlement Upgrading Programme

The quantum of the grants in respect of the Informal Settlement Upgrading Programme is reflected in the table, [Annexure C](#).

Blocked projects and current commitments

The subsidy quantum for these commitments and programmes is provided as [Annexure D](#).

Emergency Housing Assistance Programme

The subsidy quantum for these commitments and programmes is provided as Annexure E.

The grants available for the provision of basic social and economic amenities

A table with the grant amounts for the various facilities is provided as Annexure F.

User-friendly general table

This table reflects the subsidy amounts for the various National Housing Programmes and is provided as Annexure G.

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

REVISED POLICY GUIDELINE TO CATER FOR THE LOCATION OF THE DEVELOPMENT SITE

The Revised Policy Guideline to Cater for the Location of the Development Site was approved by the KwaZulu-Natal MEC for Human Settlements and Public Works on the 22nd November 2012.

1. Background

A Policy and Implementation Manual was developed by the National Department of Human Settlements in April 2007. The manual replaced a 15% variation system. It specified the conditions, the precautionary measures and the costs of the measures except for the location of the development site. A policy in respect of Guidelines to Cater for Location of the Development sites in relation to the distance from identified major centres within KZN Province was developed in 2009. Only sites in excess of 20 km from the major centre qualified for the adjustment of the subsidy amount. Each District Municipality had at least one or more major centres. Certain District Municipalities had more than one centre whilst others had only one.

In the absence of detailed national guidelines on the calculation of the location variation calculator, the province engaged with service provider to clarify the methodology informing the national prescripts. A provincial policy was developed in 2009 based on this engagement. The availability of large material suppliers and material suppliers in general was used as a guide to identify the following provisional centres:

DISTRICT	MAJOR CENTRE
Uthungulu	Richards Bay, Empangeni, Eshowe, Melmoth
Zululand	Vryheid, Paulpietersburg, Nongoma
Amajuba	Newcastle
Umzinyathi	Dundee, Nqutu, Tugela Ferry
Umkhanyakude	Ingwavuma, Mtubatuba
Ilembe	Mandeni, (KwaDukuza) Stanger
Ethekwini Metro	Amanzimtoti, Ballito, Bluff, Durban Central, KwaMashu, Isipingo, Pinetown, and Umlazi
Ugu	Port Shepstone, Umzinto
Umgungundlovu	Pietermaritzburg, Howick
Uthukela	Ladysmith, Estcourt and Bergville
Sisonke	Ixopo, Kokstad
Eastern Cape Cross Border	Matatiele

The above was to be reviewed after 3 years to verify the sustainability of these centres, whilst also testing the availability of such centres. It also took into account the need to encourage the use of local suppliers to stimulate economic development, subject to availability of suitable materials that complies with the required standards.

2. Objective of the Policy Review

The objective is to determine the outcome of the above policy in the improvement of the entire housing development, ascertain the growth and efficiency of the existing major centres within each District Municipality and establish whether there are any newly identified centres within the municipal area. The exercise involves highlighting any deficiencies in the policy and effecting modifications where necessary.

3. Revisions to the Policy Guideline

The Policy Guideline to Cater for the Development Site is revised to include and exclude the following centres:

The following centres must be included into the existing list of major centres as shown in paragraph 2 above. A map showing the new major centres is attached as Annexure H for ease of reference.

DISTRICT	INCLUDE
Umkhanyakude	Umkhuze
Umkhanyakude	Jozini
Uthukela	Bergville
Zululand	Ulundi
Umzinyathi	Greytown

The following centre must be excluded from the existing list of major centres.

DISTRICT	EXCLUDE
Eastern Cape Cross Border	Matatiele
Umzinyathi	Tugela Ferry
Uthungulu	Melmoth

The following major centres must be used for the determination of the locational variation for distance and to replace former centres and revised map.

DISTRICT	MAJOR CENTRE
Uthungulu	Richards Bay, Empangeni, Eshowe
Zululand	Pongola, Vryheid, Paulpietersburg, Nongoma and Ulundi
Amajuba	Newcastle
Umzinyathi	Dundee, Nqutu, Greytown
Umkhanyakude	Ingwavuma, Mtubatuba, Jozini, Umkhuze
Ilembe	Mandeni, (KwaDukuza) Stanger
Ethekwini Metro	Amanzimtoti, Ballito, Bluff, Durban Central, KwaMashu, Isipingo, Pinetown, and Umlazi
Ugu	Port Shepstone, Umzinto
Umgungundlovu	Pietermaritzburg, Howick
Uthukela	Ladysmith, Estcourt and Bergville
Sisonke	Ixopo, Kokstad

Implementing agents must negotiate with local suppliers in advance and in terms of the projected delivery cycle of their contracts, to stimulate local economic development. They should allow a minimum of 3 weeks for goods to be made available.

Where the above approach has been tried and unsuccessful, proof must be submitted to the relevant District office for consideration towards a locational allowance claim.

The Revised Policy Guideline may be accessed on the Departments website at www.kzndhs.gov.za

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

ADOPTION OF THE COMMUNITY RESIDENTIAL UNITS (CRU) IMPLEMENTATION GUIDE FOR USE IN KWAZULU-NATAL

The viability and financial sustainability of the projects developed under the CRU programme are seriously threatened due to certain policy deficiencies and implementation challenges. One of the key challenges is the absence of clear and updated directives or guidelines from the National Department of Human Settlements for the planning, development, management and costs of CRU projects in particular.

In view of the Province's intention to develop guidelines to address the sustainability and implementation challenges of CRU projects in respect of planning, development, management and risks, it was considered more resourceful to adopt the CRU Implementation Toolkit/Guide published by the Social Housing Foundation (SHF) since these issues are very effectively addressed in the document.

On the 22nd December 2012, the KwaZulu-Natal MEC for Human Settlements and Public Works approved the CRU Implementation Toolkit/Guide published by the erstwhile SHF be adopted for use in the interim by all implementers of CRU in the province. The following must be noted:

- The toolkit is not designed to replace any provisions in the National Housing Code and/or provincial policy directive on the subsidy quantum and variation calculator, but rather to supplement these documents by providing process flows and feasibility assessment guidelines.
- The toolkit should be supplemented by the Variation Policy for Social Housing and Multi-storey Human Settlement Projects approved by the MEC on the 12th October 2012, once considered by National.
- All CRU costs must be based in the interim on fair market related prices.
- The development of a provincial policy guideline will be revisited once the CRU policy and quantum's review in relation to the development of housing typologies and costs by the National Department of Human Settlements is finalised.

The toolkit may be accessed through a link on the Department's website at www.kzndhs.gov.za

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Annexure A

Detailed cost breakdown of a 40sqm subsidised house effective from 6 December 2012		
Construction cost and subsidy amount of a 40sqm house	Earthworks (provisional)	R 916.08
	Concrete, Formwork and Reinforcement	R 4 975.52
	Brickwork	R 16 507.35
	Roof structure	R 4 332.01
	Windows	R 1 610.46
	Doors and Frames	R 1 921.68
	Finishing and Paintwork	R 2 565.25
	Electrical	R 1 275.96
	Plumbing and Toilet	R 7 660.85
	Material	R 41 765.15
	Labour	R 11 284.57
	Sub Total	R 53 049.72
	P & G	R 5 760.50
	Overheads	R 2 429.50
	Profit	R 2 125.80
	Transfer costs	R 1 000.00
	Beneficiary Administration	R 300.00
	Total	R 64 665.52
	Total Cost (Rounded Off)	R 64 666.00

Annexure B

Detailed cost breakdown of a serviced stand effective from 6 December 2012	
Indirect Cost	
Professional fees	
Safety Inspector (DoL)	R 79.14
Environmental Control Officer	R 63.31
Pre-planning Studies	R 423.41
Project Management	R 868.52
Geotechnical Evaluation	R 104.24
Contour Survey	R 69.49
Land Surveying and Site Pegging	R 347.40
Land Survey examination fee	R 107.70
Town Planning	R 468.97
Civil Engineer : Services	R 1 042.21
Site Supervision : Clerk of Works - Civil	R 264.02
Social Facilitation	R 347.42
Legal Fees	R 23.78
Sub Total : Indirect Cost	R 4 209.60
Direct Cost	
Water Reticulation (including meter)	R 5 350.00
Sanitation Reticulation	R 6 218.48
Roads	R 3 995.11
Storm Water	R 5 784.23
Street Lighting	R 138.94
Sub Total Direct Cost	R 21 486.76
Total Cost of a Serviced Stand:	
Sub Total : Indirect Cost	R 4 209.60
Sub Total : Direct Cost	R 21 486.76
Total :	R 25 696.36
Total Cost (Rounded Off)	R 25 696.00

Annexure C

Informal settlement upgrading programme: Grant amounts available with effect from 6 December 2012	
Phase 1	
Survey, registration, participation, facilitation, dispute resolution etc	3% of project cost
Geotechnical investigation	R 106.60
Land acquisition	R 3 035.19
Pre-Planning	R 914.61
Interim engineering services	R 3 439.89
Phases 2 and 3	
Detailed town planning	R 479.65
land surveying and pegging	R 355.30
Contour survey	R 71.06
Land survey examination fee	R 110.14
Civil engineer's fee	R 1 065.89
Site supervision fees	R 270.00
Permanent engineering services provision	R 21 975.12
Project management	8% of total cost
Relocation grants	
Transportations and loading costs for people and household effects	R 455.28
Social service support including support for the registration of social benefits, school registration and other welfare support	R 343.99
Relocation food support to households	R 566.58
Maximum cost per household	R 1 365.85

Annexure D

The housing subsidy effective from 6 December 2012 for the conclusion of blocked projects

	Item Description	Amount
1. The Serviced Stand Cost	Indirect Costs:	
	Professional Fees:	
	Beneficiary Administration	R 300.00
	Safety inspector (DoL)	R 79.14
	Environmental Control Officer	R 63.31
	Pre-planning studies	R 423.41
	Project management	R 868.52
	Geo-technical Investigation	R 104.24
	Contour Survey	R 69.49
	Land surveying and site pegging	R 347.40
	Land survey examination fee	R 107.70
	Town Planning	R 468.97
	Civil Engineer: Services	R 1 042.21
	Site supervision: Clerk of Works- civils	R 264.02
	Social facilitation	R 347.42
	Legal Fees- Agreement	R 23.78
	Sub Total: Indirect Costs	R 4 509.60
	Direct Cost:	
	Water reticulation (incl. Meter)	R 5 350.00
	Sanitation reticulation	R 6 218.48
	Roads	R 3 995.11
	Storm Water	R 5 784.23
	Street lighting	R 138.94
	Sub Total: Direct Cost	R 21 486.76
	Total cost of a serviced stand:	
	Sub Total: Indirect Costs	R 4 509.60
	Sub Total: Direct Cost	R 21 486.76
Total	R 25 996.36	
Total cost (rounded off)	R 25 996.00	
2. Construction cost of 30m2 House	Earthworks (provisional)	R 2 210.99
	Concrete, Formwork and Reinforcement	R 2 975.69
	Brickwork	R 7 875.57
	Roofstructure	R 6 345.49
	Windows	R 2 690.08
	Doors and frames	R 1 772.24
	Finishing and Paintwork	R 1 109.37
	Plumbing and Toilet	R 1 662.39
	Material	R 26 641.83
	Labour	R 6 553.89
	Sub Total	R 33 195.71
	P&G	R 1 327.84
	Overheads	R 1 493.80
	Profit	R 1 161.86
	Total	R 37 179.22
	Total cost (rounded off)	R 37 179.00
Grand Total	R 63 175.00	

Annexure E

EMERGENCY ASSISTANCE PROGRAMME: Grant amounts applicable as from 6 December 2012			
TEMPORARY ASSISTANCE	ITEM	AMOUNT	
1. Basic Municipal Engineering Services in respect of temporary assistance on a shared basis (Inc. VAT)	a) Indirect Costs:		
	Beneficiary Administration	R 300.00	
	Safety inspector (DoL)	R 80.95	
	Environmental Control Officer	R 64.76	
	Pre-planning studies	R 433.01	
	Project Management [1]	R 86.39	
	Geo-technical Investigation (if applicable)	R 24.30	
	Contour Survey [2]	R 16.17	
	Land surveying and site pegging [3]	R 81.01	
	Land survey (Surveyor General) examination fee [4]	R 25.11	
	Town Planning – (i) Layout	R 44.91	
	(ii) Township establishment	R 64.43	
	Environmental Impact Assessment	R 28.80	
	Civil Engineer: Services design & Site supervision:	R 132.44	
	Social facilitation	R 57.59	
	Legal Fees (if applicable) (rental agreements) [5]	R 5.75	
	Mediation & Conflict Resolution [6]	R 46.06	
	Sub-Total: Indirect Costs per stand	R1 491.70	
	b) Direct Cost:		
	Water reticulation on shared basis	R 1 161.82	
	Sanitation on shared basis	R 1 086.06	
	Roads (Main access)	R 858.75	
	Storm Water	R 303.09	
	Sub-Total: Direct Cost	R 3 409.73	
	TOTAL STAND COST (portion of an ordinary stand shared between 5 units) (rounded off)	R 4 901.00	
	EMERGENCY ASSISTANCE PROGRAMME: 2009/2010 grant amounts		
	TEMPORARY ASSISTANCE	ITEM	AMOUNT
2. Construction Cost of temporary shelter (Inc. VAT).	Roof sheeting / covering	5 275.88	
	Side Cladding / Wall Cladding	8 689.28	
	Columns and anchor bolts	5 151.71	
	Column footings: Concrete bases for structure posts	1 239.46	
	Rafters	2 389.61	
	Purlins	3 101.92	
	Door & Window posts and frames	2 078.12	
	Side rails to support side cladding	2 544.27	
	Flashings	744.99	
	Door	1 916.92	
	Window	1 853.75	
	Flooring: Concrete	6 208.19	
	Thermal improvement under roof	2 234.96	
	Sub-Total:	43 429.05	
	TOTAL SHELTER COST	43 429.00	
	GRAND TOTAL PER GRANT	47 659.00	

REPAIR OF DAMAGED FORMAL PERMANENT HOUSING(EXCL. VAT)		Amount
Existing services	Repair of services to National Norms and Standards	R 25 696.00
Existing houses	Repair of existing formal structure according to National Norms and Standards (30sqm)	R 32 065.92
	GRAND TOTAL PER GRANT	R 57 761.92
Existing services	Repair of services to National Norms and Standards	R 25 696.00
Existing houses	Repair of existing formal structure according to National Norms and Standards (40sqm)	R 64 666.00
	GRAND TOTAL PER GRANT	R 90 362.00

[Notes]

- [1] If the Municipality cannot manage the project.
- [2] Only if site is to be used for temporary settlement with a permanent housing solution, or for scoping study.
- [3] Only if site is to be used for temporary settlement with a a permanent housing solution, or where the topography necessitate for services planning purposes.
- [4] Site pegging only for site to be used for temporary settlement with a permanent solution or permanent temporary area
- [5] As in 4 above.
- [6] When applicable.
- [7] When applicable.

Annexure F

National Housing Programme: Social and Economic Amenities Grant amounts with effect from 6 December 2012	
Type of facility	Cost per facility (incl VAT)
Medical care facility	R 314 895.19
Ablution facility if required	R 293 902.17
Subtotal:	R 608 797.36
14% project planning and project management	R 85 231.63
Subtotal:	R 694 028.99
Community hall (520m ²) inclusive of day care centre and ablution facility	R 1 250 833.66
Community park or playground	R 653 729.78
Ablution facility if required	R 293 902.17
Subtotal:	R 2 198 465.61
14% project planning and project management	R 307 785.19
Subtotal:	R 2 506 250.80
Taxi rank	R 744 653.46
Ablution facility if required	R 293 902.17
Subtotal:	R 1 038 555.63
14% project planning and project management	R 145 397.79
Subtotal:	R 1 183 953.42
Sports facilities	
Grassed field (110mx65m)	R 1 069 791.95
Combi Court (30mx15m)	R 196 809.49
Ablution facility if required	R 293 902.17
Subtotal:	R 1 560 503.61
14% project planning and project management	R 218 470.51
Subtotal:	R 1 778 974.12
Small business facilities	R 675 183.16
Ablution facility if required	R 293 902.17
Subtotal:	R 969 085.34
14% project planning and project management	R 135 671.95
Subtotal:	R 1 104 757.28
Subtotal excl. planning and project management fees	R 6 375 407.56
Total project planning and project management fees	R 812 893.50
Grand Total	R 7 188 301.05

Annexure G

The subsidy amounts with effect from 6 December 2012			
Subsidy Programme	Municipal services	Top structure funding	Product price
Project linked (IRDP) Subsidies:			
R0 to R3 500	R 25 696.00	R 64 666.00	R 90 362.00
Consolidation Subsidies:			
R0 to R1 500	R 0.00	R 64 666.00	R 64 666.00
Institutional subsidies:			
R0 to R3 500	R 25 696.00	R 63 666.00	R 89 362.00 (Institution to contribute capital)
Individual Subsidies:			
R0 to R3 500	R 25 696.00	R 64 666.00	R 96,362.00 *
Rural subsidies:			
R0 to R3 500	R 25 696.00	R 63 666.00	R 89 362.00
People's Housing Process:			
R0 to R3 500	R 25 696.00	R 64 666.00	R 64 666.00
Farm Resident Subsidies			
R0 to R3 500	R 25 696.00	R 63 366.00	R 89 062.00

*
Inc

Includes R 6,000.00 for raw land cost

Annexure H

MAP OF REVISED MAJOR CENTRES



KZN MAJOR CENTRES

