



KZN Human Settlements
uMnyango Wezokuhlaliswa
Kwabantu
ISIFUNDAZWE SAKWAZULU-NATALI

HOUSING POLICY ***COMMUNIQUÉ***

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CLARITY ON ONE HOUSE PER UMUZI DIRECTIVE

This article hopes to clarify any confusion around the one house per umuzi policy directive contained in Policy Communiqué 2/2009.

The intention of the limitation is not to deprive qualifying beneficiaries from accessing the housing subsidy but to ensure an equal distribution of limited resources by prioritizing those most in need of a house. The restriction on the number of units is a planning issue in which the maximum spread of limited resources is sought. All qualifying beneficiaries will, over time, receive a house eventually depending on the need. The critical issue is to prioritize the neediest individuals which is in line with the Premier's Flagship programme in which the poorest, most needy individuals are prioritized. The idea is not about delivering houses on each and every umuzi since not all imizi may require a house.

The policy refers to the head of the household thus it will apply to him and his spouse or spouses in the case of polygamous unions to receive first preference. The other members within the umuzi, whether they have a PTO or not, can qualify later in subsequent projects.

The Department only recognizes PTO's issued through the Department of Co-operative Governance and Traditional Affairs. Any PTO that has been issued verbally or otherwise in attempts to secure subsidies will not be accepted.

In addition to this, there is renewed emphasis to ensure that the development is considered holistically to make certain that sustainability issues are addressed. The development should not merely be based on the fact that communities have been residing in the area for years, but also take into consideration their area specific needs over a long term, such as, economic activity, subsistence farming, access to amenities, etc.

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CURRENT AND NEW PROJECTS

1. Background

The department acknowledges that there is a tendency to misinterpret policies in cases where new policy measures, legislation, guidelines, procedures and amendments to existing policies are introduced. This is sometimes due to the terminology used which somewhat creates uncertainty in the application process. The policy misinterpretation may have adverse effects on service delivery. The Breaking New Ground Strategy has identified the uneven application of policy as one of the main causes of the slow down on service delivery.

The department has to ensure that a parallel approach in policy application is adhered to in order for the achievement of departmental programmes within prescribed time frames. There is a constant reference to the term "current and new projects" in housing development. This will normally occur in cases where new policies, guidelines, procedures or amendments to existing policies have to be applied. The aforementioned will not apply unilaterally to all projects.

The application of these policies is creating confusion and difficulties are being experienced in classifying projects as "current or new". There is a need to bring everyone involved in policy application to the same level of understanding in terms of the terminology used in housing.

2. Current Projects

Current Projects are defined as, urban projects that were granted feasibility approval prior to 1 April 2007 and; Rural Projects where conditional and stage1 approval was granted prior to 1 April 2007. This also includes projects where the minimum size of top structure is less than 40m², and/or does not comply with the specification as set out in paragraph 3 below.

3. New Projects

All projects approved with effect from 1 April 2007 are regarded as new projects. The minimum size of permanent residential structures to be provided is 40m² of gross floor area. Each house must comprise the following:

- 2 bedrooms
- A separate bathroom
- A combined living area and kitchen with wash basin
- A ready board electrical installation where electricity is available

Projects that were approved prior to 1 April 2007, where top structure construction has not commenced, but where it is possible to comply with the specification as set out in 3 above, may request for conversion. Each application will be assessed on merit. Assessments must be done by the Regional Offices in consultation with the General Manager: Project Management.

The above is an extract of the policy directive on Current & New Projects. A detailed document may be accessed on the Department's website at www.kznhousing.gov.za

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ANNUAL ADJUSTMENT OF THE HOUSING SUBSIDY QUANTUM FOR 2010/11

The housing subsidy quantum for the various National Housing Programmes has been considered in line with the Housing: MINMEC decision of 1 March 2007. The BER Building Cost Index for the 2009 calendar year showed a decrease in the building cost. This can be attributed to the current financial turmoil worldwide and in the country. Building contractors were forced to reduce their profit margins in order to remain competitive. The BER projects an overall reduction of 4,3% in building costs for 2009. There will therefore be **no increase** of the subsidy amount for the 2010/2011 financial year.

It was confirmed with effect from 1 April 2007 that the housing subsidy funding will only be applied for the construction of the new 40m² house.

The following table reflects the subsidy amounts, required contributions and project prices of houses for 2010/11.

Subsidy Programme	Top Structure Funding only	Own Contribution	Product Price
Project Linked Subsidies (IRDP)			
R0 – R1 500	R55 706.00	None	R55 706.00
R1 501 – R3 500	R53 227.00	R2 479.00	R55 706.00
Indigent : Aged, Disabled & Health Stricken R0 – R3 500	R55 706.00	None	R55 706.00
Consolidation Subsidies			
R0 – R1 500	R54 906.00	None	R54 906.00
R1 501 – R3 500	R52 427.00	R2 479.00	R54 906.00
Indigent : Aged, Disabled & Health Stricken R0 – R3 500	R54 906.00	None	R54 906.00
Institutional Subsidies			
R0 – R3 500	R52 427.00	Institution must add Capital	At Least R54 906.00
Individual Subsidies			
R0 – R1 500	R84 000.00	None	R84 000.00
R1 501 – R3 500	R81 521.00	R2 479	R84 000.00
Indigent: Aged, Disabled & Health Stricken R0 – R3 500	R84 000.00	None	R84 000.00
Rural Subsidies			
R0 – R3 500	R54 906.00	None	R54 906.00
People's Housing Process			
R0 – R3 500	R55 706.00	None	R55 706.00
Farm Resident Subsidies			
R0 to R3 500	R54 650.00	None	R54 650.00

The detailed cost breakdown of the subsidy quantum of R55 706.00 is attached as Annexure A.

The funding for the provision of municipal engineering services

With effect from 1 April 2007, the cost for the provision of internal municipal engineering services must be financed from alternative sources. The use of the annual housing funding allocation to Provinces for the financing of such internal services may only be approved by an MEC as an option of the last resort, where no alternative funds are available. 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 remains at R22 162.00 per stand. 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 Annexure C.

Blocked projects and current commitments

The subsidy quantum for current commitments and blocked projects is provided as Annexure D

Emergency housing assistance programme

The subsidy quantum for this programme is provided as Annexure E.

Individual Subsidy programme

On 21 November 2009, the Minister of Human Settlements approved the adjustment of the subsidy quantum for the Individual Housing Subsidy Programme to R84 000.00 to align the subsidy amount with the cost of the housing products delivered through the Integrated Residential Development Programme. This adjusted subsidy quantum comprises:

R55 706.00 in respect of the top structure
R22 162.00 in respect of the municipal engineering services; and
R 6 000.00 in respect of raw land cost.
R83 868.00

The amount was rounded off to R84 000.00. Please also note that this amount may be adjusted in accordance with the provisions of the Variation Manual to cater for extraordinary development conditions. The new subsidy amount of R84 000.00 remains unchanged.

The Finance-linked Individual Subsidy Programme (FLISP)

In line with the recent increase of the subsidy quantum for Individual Subsidies, the FLISP subsidy quantum has been increased on a pro rata basis. A table with the subsidy quantum per income group is provided as Annexure F.

The National Department of Human Settlements will monitor the building cost index on a quarterly basis. Any fluctuations in the building cost throughout the year will be evaluated and you will be informed should such fluctuations warrant a reconsideration of the subsidy quantum.

Annexure A

Detailed cost breakdown of a 40m² subsidized house effective from 1 April 2010		
Construction Cost and Subsidy Amount of a 40m² house	Earthworks (provisional)	790.07
	Concrete, Formwork & reinforcement	4,291.13
	Brickwork	14,236.75
	Roof structure	3,738.14
	Windows	1,388.94
	Doors and Frames	1,657.35
	Finishing and Paintwork	2,212.40
	Electrical	1,100.45
	Plumbing and Toilet	6,607.10
	Material	36,020.34
	Labour	9,732.37
	Sub Total	45,752.71
	P & G	4,968.14
	Overheads	2,095.32
	Transfer Costs	800.00
	Beneficiary Administration	255.95
	Profit	1,833.40
	Total	55,705.52
	Total Cost (Rounded Off)	55,706.00

Annexure B

Detailed cost breakdown of a serviced stand effective from 1 April 2010 (The funding of internal municipal engineering service is only allowed as a last resort)		
	Item Description	Amount
Cost of serviced stand	Professional Fees	
	Safety Inspector(DoL)	68.26
	Enviromental Control Officer	54.60
	Pre-planning Studies	355.17
	Project Management	749.05
	Geotechnical Evaluation	89.90
	Contour Survey	59.93
	Land Surveying and Site Pegging	299.62
	Land surveying and examination fee	92.89
	Town Planning	404.46
	Civil Engineer : Services	898.85
	Site Supervision : Clerk of Works-Civil	227.70
	Social Facilitation	299.63
	Legal Fees	20.51
	Sub Total : Indirect Cost	3,630.57
	Direct Cost	
	Water Reticulation (including meter)	4,614.11
	Sanitation Reticulation	5,363.13
	Roads	3,445.58
	Storm Water	4,988.61
	Street Lighting	119.83
	Sub Total : Direct Cost	18,531.25
	Total Cost of a Serviced Stand	
	Sub Total : Indirect Cost	3,630.57
	Sub Total : Direct Cost	18,531,25
Total	22,161.82	
Total Cost (Rounded Off)	22,162.00	

Annexure C

Informal Settlement Upgrading Programme: Projected 2010/11 grant amounts	
PHASE 1	
Survey, registration, participation, facilitation, dispute resolution etc.	3% of project cost
Getechnical investigation	91,93
Land acquisition	2,617.70
Pre-Planning	788.81
Interim engineering services	2,966.74
PHASE 2 and 3	
Detailed Town Planning	413.67
Land surveying and pegging	306.43
Contour survey	61.29
Land survey examination fee	94.99
Civil Engineering fees	919.28
Site supervision fees	232.86
Permanent engineering services provision	18,952.44
Project management	8% of total cost
RELOCATION GRANTS	
Transportations and Loading costs for people and household effects	392.66
Social services support including support for the registration of social benefits, school registration and other welfare support	296.67
Relocation food support to households	488.64
Maximum cost per household	1,177.97

Annexure D

**The 2010/11 Housing Subsidy for current commitments approved before 1 April 2007
in terms of the National Norms and standards for 30m² houses and blocked projects**

	Item Description	Amount
1. The Serviced Stand Cost	Indirect Costs	
	Professional Fees	
	Beneficiary Administration	255.95
	Safety Inspector (DoL)	68.26
	Environmental Control Officer	54.60
	Pre-Planning studies	365.17
	Project Management	749.05
	Geotechnical Investigation	89.90
	Contour Survey	59.93
	Land Surveying and Site Pegging	299.62
	Land Survey Examination Fee	92.89
	Town Planning	404.46
	Civil Engineer : Services	898.85
	Site Supervision : Clerk of Works-Civils	227.70
	Social Facilitation	299.63
	Legal Fees – Agreement	20.51
	SubTotal : Indirect Costs	3,886.52
	Direct Cost:	
	Water Reticulation (incl. Meter)	4,614.11
	Sanitation Reticulation	5,363.13
	Roads	3,445.58
	Storm Water	4,988.61
	Street Lighting	119.83
	Sub Total : Direct Cost	18,531.25
Total Cost of a serviced Stand:		
Sub Total :Indirect Costs	3,886.52	
Sub Total : Direct Cost	18,531.25	
Total	22,417.77	
Total Cost (rounded off)	22,418.00	
2. Construction cost of 30m ²	Earthworks (provisional)	1,906.87
	Concrete, Formwork and Reinforcement	2,566.38
	Brickwork	6,792.29
	Roofstructure	5,472.67
	Windows	2,320.06
	Doors and Frames	1,528.47
	Finishing and Paintwork	956.78
	Plumbing and Toilet	1,433.73
	Material	22,977.23
	Labour	5,652.40
	Sub Total	28,829.63
	P&G	1,145.20
	Overheads	1,288.33
	Profit	1,002.04
	Total	32,065.20
	Total Cost (rounded off)	32,065.00
	Grand Total	54,483.00

Annexure E

EMERGENCY HOUSING ASSISTANCE PROGRAMME : 2010/11 grant amounts		
TEMPORARY ASSISTANCE	ITEM	AMOUNT
Basic Municipal Engineering Services in respect of temporary assistance on a shared basis (Incl. VAT)	a) Indirect Cost	
	Beneficiary Administration	261.77
	Safety inspector (DoL)	69.81
	Environmental Control	55.85
	Pre-planning studies	373.45
	Project Management 1	74.51
	Geo-technical investigation (if applicable)	20.96
	Contour Survey(2)	13.95
	Land surveying and site Pegging (3)	89.87
	Land Survey (Surveyor General) examination fee (4)	21.66
	Town Planning – (i) Layout	38.73
	(ii) Township establishment	55.57
	Environmental Impact Assessment	24.84
	Civil Engineer Services design & site supervision	114.22
	Social Facilitation	49.67
	Legal Fees (if applicable) (Rental Agreements) (5)	4.96
	Mediation & Conflict Resolution (6)	39.73
	Sub-Total : Indirect Costs per stand	1,289.55
	b) Direct Cost	
	Water reticulation on shared basis	1,002.01
	Sanitation on shared basis	936.67
	Roads (main access)	740.63
	Storm water	261.40
	Sub Total: Direct Cost	2,940.72
	Total cost of a serviced stand: (portion of an ordinary stand shared between 5 units)	
	a) Sub Total: Indirect Costs	1,289.55
	b) Sub Total: Direct Costs	2,940.72
TOTAL STAND COST:	4,230.26	
TOTAL STAND COST (Portion of an ordinary stand shared between 5 units (rounded)	4,230.00	
EMERGENCY ASSISTANCE PROGRAMME : 2010/11 grant amounts		
TEMPORARY ASSISTANCE	ITEM	AMOUNT
Construction cost of 30m² temporary shelter incl. 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		
Existing services	Repair of services to National Norms & Standards	22,416.98
Existing houses	Repair of existing formal structure according to National Norms & Standards	32,065.92
	GRAND TOTAL PER GRANT	R54,482.90

Finance-linked Individual Subsidy Programme: 2010/2011 subsidy				
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Subsidy parameters				
Full Subsidy Amount	84,000.00			
Upper limit	54,238.80			
Lower Limit	7,744.80			
Increment	1,367.45			
Step Number	Increment Band		Subsidy Amount	
	Lower	Higher		
1	3501	3600	54,238.80	
2	3601	3700	52,871.35	
3	3701	3800	51,503.91	
4	3801	3900	50,136.46	
5	3901	4000	48,769.01	
6	4001	4100	47,401.56	
7	4101	4200	46,034.12	
8	4201	4300	44,666.67	
9	4301	4400	43,299.22	
10	4401	4500	41,931.78	
11	4501	4600	40,564.33	
12	4601	4700	39,196.88	
13	4701	4800	37,829.44	
14	4801	4900	36,461.99	
15	4901	5000	35,094.54	
16	5001	5100	33,727.09	
17	5101	5200	32,359.65	
18	5201	5300	30,992.20	
19	5301	5400	29,624.75	
20	5401	5500	28,257.31	
21	5501	5600	26,889.86	
22	5601	5700	25,522.41	
23	5701	5800	24,154.96	
24	5801	5900	22,787.52	
25	5901	6000	21,420.07	
26	6001	6100	20,052.62	
27	6101	6200	18,685.18	
28	6201	6300	17,317.73	
29	6301	6400	15,950.28	
30	6401	6500	14,582.84	
31	6501	6600	13,215.39	
32	6601	6700	11,847.94	
33	6701	6800	10,480.49	
34	6801	6900	9,113.05	
35	6901	7000	7,744.80	

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