



## human settlements

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

# Policy Communiqué

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## **ADJUSTMENT OF THE HOUSING SUBSIDY QUANTUM OF CERTAIN NATIONAL HOUSING PROGRAMMES & CONTRACTUALLY COMMITTED PROJECTS**

Following on Policy Communique 1 of 2014, further communication has been received from the National Department of Human Settlements in respect of the outstanding quantum for certain National Housing Programmes and contractually committed projects.

In view of the fact that the current housing subsidy quantum was determined in the 2011/12 financial year, pending the outcome of the project to determine the revised National Norms and Standards for energy efficient buildings, and the fact that the said project confirmed that the current subsidy quantum is substantially lower than the actual current building cost, the Director-General, National Human Settlements decided to approve an adjustment of the subsidy quantum and grant levels of contractually committed projects and the following National Housing Programmes:

- The Emergency Housing Assistance programme;
- The Upgrading of Informal Settlements Programme;
- The Programme for the Provision of Social and Economic Amenities.
- Farm Residents Housing Assistance programme;
- The Rural Subsidies: Informal Land Rights Programme.

The adjustment of the above-mentioned National Housing Programmes' subsidy and grant levels is based on the BER-Building Cost Index for 2013 and the recently approved new norms and standards for energy efficient buildings that took effect on 1 April 2014. The details of the adjusted subsidy and grant amounts are set out in Annexure A to C.

In respect of the Farm Residents Housing Assistance Programme, the subsidy levels available to the provision of rental houses on the farm provided by the farm owner has been adjusted in terms of the new approved norms and standards and the cost of the 40 square metre houses, less R1 300, 00 in respect of transfer fees and beneficiary administration as these amounts are not applicable. The amount in respect of the engineering services has been adjusted to the guideline amount for B grade services levels. The subsidy amount is as follows:

B Grade engineering services: Guide line amount:	R 34 401
40 m <sup>2</sup> house complying with NBR	<u>R109 647</u>
<b>Total grant available:</b>	<b><u>R144 048</u></b>

In respect of the Rural Subsidies: Informal Land Rights Programme, the same methodology was applied, however as this programme is also project based and implemented by external implementing agents, an amount of R300,00 for beneficiary administration has been allowed for. The grant amount is as follows:

B Grade engineering services: Guideline amount:	R 34 401
40 m <sup>2</sup> house complying with NBR	<u>R109 947</u>
<b>Total grant available:</b>	<b><u>R144 348</u></b>

## **CONTRACTUALLY COMMITTED PROJECTS**

The Director-General, National Human Settlements has approved an adjustment of the 2013/14 subsidy quantum to the amount of R86 640,00 in respect of contractually committed projects with immediate effect.

This approval is subject to the following conditions:

- The adjusted subsidy quantum will only apply to current contractual committed building contracts;
- Any adjustments of approved project cost must be negotiated with the contracting parties and must be approved by the MEC or his/her delegated authority;
- The negotiated adjusted project cost must be introduced to the HSS;
- Under no circumstances may the adjustment of the subsidy quantum be utilised to adjust contractor's profit margins. This means contractors applying for an adjustment to their contract prices, must table proof of escalation in the cost since their tenders were accepted;
- The adjusted subsidy quantum may not be used to finance any enhancements of the approved housing products; and
- Funding for any increases in projects cost must be obtained from provinces' current HSDG allocations through savings and/or reprioritisation of commitments where feasible and practicable.

The detailed cost breakdown of the adjusted subsidy amount is attached as Annexure D.

It is hoped that the adjusted subsidy amounts will ensure that the relevant committed projects are completed in terms of the agreed standards and quality.

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

## **COMPLIANCE WITH THE EXPANDED PUBLIC WORKS PROGRAMME (EPWP) PROTOCOL AND INCENTIVE GRANT AGREEMENT**

The following serves to inform all municipalities, implementing agents and other KZN Human Settlements stakeholders of the enforcement measures that will be implemented by the department as at 1<sup>st</sup> June 2014 to ensure compliance with the EPWP Protocol and Incentive Grant Agreement entered into between KZN Human Settlements and the National Department of Public Works on the 18<sup>th</sup> April 2013.

The Expanded Public Works Programme (EPWP) is nationwide programme which part of the Presidential programmes aimed at reducing unemployment. The Programme involves creating work opportunities for unemployed persons, and so allowing them to participate economically and contribute to the development of their communities and the country as a whole. The country is now gearing towards implementing **Phase III** of the programme which has a target of creating **6 million** work opportunities by the 2018/19 financial year. The Province and the Infrastructure Sector of which the Department of Human Settlements falls under has as a target creation of **2,386,000** job opportunities.

It is an undisputed fact that the housing sector can contribute immensely to the EPWP inventiveness of creating job opportunities in the infrastructure sector by optimizing labour intensity in the housing delivery process. These targets can be achieved by adopting a vigorous approach and making an effort to create the right environment for job creation and economic growth.

The EPWP for Human Settlements is implemented in terms of Part C of the National Housing Code 2009 which covers the technical provisions, generic provisions and provides guidelines to ensure that EPWP comes into its own through the implementation of the National Housing Programmes.

All housing projects that are creating job opportunities through the implementation of labour intensive methods are classified as EPWP projects. To optimize job creation through labour intensive methods EPWP Labour Intensive Implementation Guidelines attached as **Annexure E** should be utilized.

To ensure compliance to EPWP which is a Presidential programme the department shall implement the following measures as at 1<sup>st</sup> June 2014;

1. All Implementing Agents and Contractors must ensure that the following information is collected and verified for EPWP projects in order to determine progress towards job creation.
  - 1.1 Site information: Monthly attendance registers showing the number of person days worked per beneficiary for all beneficiaries;

- 1.2 Payment information: Payment records, in either a payment register or reflected in bank records, confirming what was paid in wages, at what wage rate, for how much work and to whom;
- 1.3 Beneficiary information: This should be a list of beneficiaries containing information on the identity and profile of beneficiaries, including: name and surname, identity or other official number; date of birth; gender; and disability status.
2. All Implementing Agents and Contractors must report to KZN Department of Human Settlements the EPWP progress on the provided MIS forms 10 calendar days after the end of every month. Forms attached as **Annexure F**.
  3. Please note that **no invoice will be processed without receipt** of the MIS forms.
  4. The KZN Department of Human Settlements shall conduct monthly/quarterly site visits, for verification purposes you are therefore expected to maintain project information on site for the duration of the projects cycle and hand it over to the department during close out.
  5. Please note that as part of the Department's enforcement measures an EPWP compliance clause will be incorporated into the tender and contract document.

The Department would like to thank you in anticipation of your contribution towards job creation.

## ANNEXURE A

### Emergency Assistance Programme: Grant amounts with effect from 1 April 2014

ITEM	AMOUNT
<b>a) Indirect Costs:</b>	
Beneficiary Administration	R 300.00
Safety inspector (DoL)	R 86.61
Environmental Control Officer	R 69.29
Pre-planning studies	R 463.33
Project Management [1]	R 92.44
Geo-technical Investigation (if applicable)	R 26.00
Contour Survey [2]	R 17.31
Land surveying and site pegging [3]	R 86.68
Land survey (Surveyor General) examination fee [4]	R 26.87
Town Planning – (i) Layout	R 48.05
(ii) Township establishment	R 68.94
Environmental Impact Assessment	R 30.82
Civil Engineer: Services design & Site supervision:	R 141.71
Social facilitation	R 61.62
Legal Fees (if applicable) (rental agreements) [5]	R 6.16
Mediation & Conflict Resolution [6]	R 49.29
<b>Sub-Total: Indirect Costs per stand</b>	<b>R1 575.12</b>
<b>b) Direct Cost:</b>	
Water reticulation on shared basis	R 1 243.15
Sanitation on shared basis	R 1 162.09
Roads (Main access)	R 918.86
Storm Water	R 324.31
<b>Sub-Total: Direct Cost</b>	<b>R 3 648.41</b>
<b>TOTAL STAND COST</b> (portion of an ordinary stand shared between 5 units) (rounded off)	<b>R 5 223.52</b>
<b>Total cost rounded off</b>	<b>R5 224.00</b>
<b>ITEM</b>	
Roof sheeting / covering	R 6 545.53
Side Cladding / Wall Cladding	R 10 780.38
Columns and anchor bolts	R 6 391.49
Column footings: Concrete bases for structure posts	R 1 537.74
Rafters	R 2 964.67
Purlins	R 3 848.40
Door & Window posts and frames	R 2 578.22

Side rails to support side cladding	R 3 156.56
Flashings	R 924.27
Door	R 2 378.23
Window	R 2 299.86
Flooring: Concrete	R 7 702.21
Thermal improvement under roof	R 2 772.80
<b>Sub-Total:</b>	<b>R 53 880.34</b>
<b>TOTAL SHELTER COST</b>	<b>R 53 880.00</b>
<b>GRAND TOTAL PER GRANT</b>	<b>R 59 104.00</b>
Repair of services to National Norms and Standards B Grade level: Guideline amount	<b>R 34 401.00</b>
Repair of services to National Norms and Standards A Grade level: Guideline amount	<b>R 43 626.00</b>
Repair of existing formal structure according to National Norms and Standards (30m <sup>2</sup> )	<b>R 39 782.60</b>
Repair of existing formal structure according to National Norms and Standards (40m <sup>2</sup> )	<b>R 69 192.62</b>
Replacement of damaged house with new structure: 40m <sup>2</sup> house	<b>R 110 947.00</b>

#### **Explanatory 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 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 B

### Informal settlement upgrading programme: Grant amounts available with effect from 1 April 2014

<b>Phase 1</b>	
Survey, registration, participation, facilitation, dispute resolution etc.	3% of project cost
Geotechnical investigation	R 114.06
Land acquisition	R 3 247.66
Pre-Planning	R 978.64
Interim engineering services	R 3 680.69
<b>Phases 2 and 3</b>	
Detailed town planning	R 513.22
land surveying and pegging	R 380.17
Contour survey	R 76.04
Land survey examination fee	R 117.85
Civil engineer's fee	R 1 140.50
Site supervision fees	R 288.90
Permanent engineering services provision: B grade level- guideline amount	R 23 513.38
Project management	8% of total cost
<b>Relocation grants</b>	
Transportations and loading costs for people and household effects	R 487.15
Social service support including support for the registration of social benefits, school registration and other welfare support	R 368.07
Relocation food support to households	R 606.24
<b>Maximum cost per household</b>	<b>R 1 461.46</b>

## Annexure C

### National Housing Programme: Social and Economic Amenities Grant quantum grant amounts with effect from 1 April 2014

Type of facility	Grant amount
Medical care facility	R 336 937.85
Ablution facility if required	R 314 475.33
<b>Subtotal:</b>	<b>R 651 413.18</b>
14% project planning and project management	R 91 197.84
<b>Subtotal:</b>	<b>R 742 611.02</b>
Community hall (520m <sup>2</sup> ) inclusive of day care centre and ablution facility	R 1 338 392.02
Community park or playground	R 699 490.86
Ablution facility if required	R 314 475.33
<b>Subtotal:</b>	<b>R 2 352 358.20</b>
14% project planning and project management	R 329 330.15
<b>Subtotal:</b>	<b>R 2 681 688.35</b>
Taxi rank	R 796 779.20
Ablution facility if required	R 314 475.33
<b>Subtotal:</b>	<b>R 1 111 254.53</b>
14% project planning and project management	R 155 575.63
<b>Subtotal:</b>	<b>R 1 266 830.16</b>
Sports facilities	
Grassed field (110mx65m)	R 1 144 677.38
Combi Court (30mx15m)	R 210 586.16
Ablution facility if required	R 314 475.33
<b>Subtotal:</b>	<b>R 1 669 738.87</b>
14% project planning and project management	R 233 763.44
<b>Subtotal:</b>	<b>R 1 903 502.31</b>
Small business facilities	R 722 445.98
Ablution facility if required	R 314 475.33
<b>Subtotal:</b>	<b>R 1 036 921.31</b>

14% project planning and project management	R 145 168.98
<b>Subtotal:</b>	<b>R 1 182 090.29</b>
Subtotal excl. planning and project management fees	<b>R 6 821 686.09</b>
Total project planning and project management fees	<b>R 955 036.05</b>
Grand Total	<b>R 7 776 722.14</b>

## ANNEXURE D

<b>ADJUSTED SUBSIDY AMOUNT FOR CURRENT CONTRACTUAL COMMITMENTS FOR 2013/2014 FINANCIAL YEAR</b>	
<b>Cost element</b>	<b>Cost</b>
Earthworks	R 6 707.47
Concrete, Formwork & Reinforcement	R 10 780.36
Brickwork	R 15 528.46
Roof Structure	R 7 430.50
Ceiling and insulation	R 0.00
Windows	R 4 103.53
Doors and Frames	R 6 557.99
Finishing and paintwork	R 9 247.27
Electrical	R 3 121.76
Plumbing and toilet	R 9 976.36
<b>Sub total A</b>	<b>R 73 453.69</b>
P & G	R 6 676.94
<b>Sub total B</b>	<b>R 80 130.63</b>
Project management Fees	<b>R 5 209.00</b>
<b>Sub total C</b>	<b>R 85 339.63</b>
Transfer cost	R 1 000.00
Beneficiary administration	R 300.00
<b>Total</b>	<b>R 86 639.63</b>
<b>Total rounded off</b>	<b>R 86 940.00</b>

**ANNEXURE E**

**EPWP LABOUR INTENSIVE IMPLEMENTATION GUIDELINES**

**ANNEXURE F**

**EPWP: MIS REPORTING TEMPLATE**