



## human settlements

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

# Policy Communiqué

**Circular No.1/2018**

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legislation

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## **EXPANSION OF THE HOUSING TYPOLOGIES TO BE DELIVERED THROUGH THE NATIONAL HOUSING PROGRAMMES: DESIGNS AND COSTING FOR HIGHER DENSITY TYPOLOGIES**

### **1. INTRODUCTION:**

The need to increase densities of our towns and cities to combat urban sprawl and to build better compact cities and towns for the future has been prioritised by Government as set out in the key actions of the National Development Plan and the Strategic Development Goals. It must be noted that these objectives are not new and were included in the comprehensive Plan for the Creation of Sustainable Human Settlements in 2004 (Breaking New Ground).

Organs of the State responsible for human settlement planning and development at provincial and municipal levels are under severe pressure to positively contribute towards the delivery of sustainable human settlements through the application of higher density developments. The only higher density state funded development option available is the Social Housing Programme and Community Residential Unit Programme. Rental housing is rarely affordable to the poorest of the poor and affordable rental options are currently in very high demand. There is thus no higher density human settlement ownership programme that has been considered.

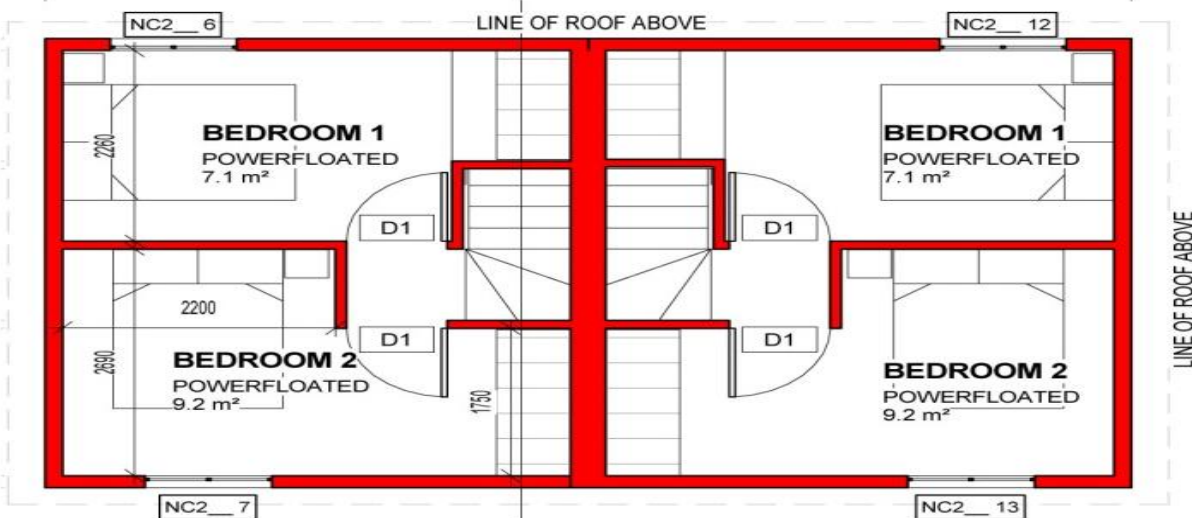
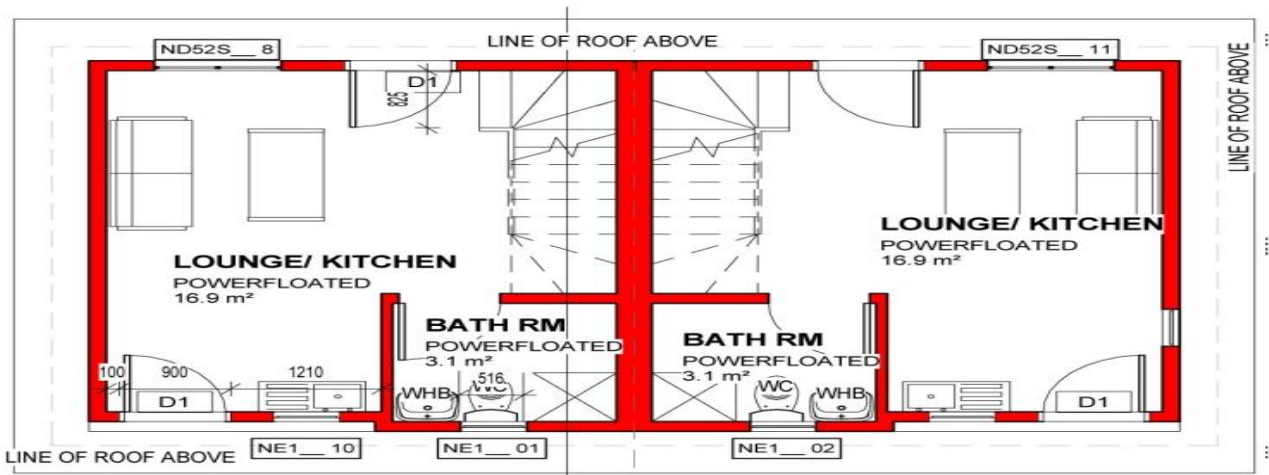
The National Department of Human Settlements appointed a consortium of expertise comprising of architects, quantity surveyors and civil engineers to redesign the house to be funded under the Housing Subsidy Scheme in line with the latest National Building Regulations (NBR). The Consortium investigated and tabled proposals on a variety of house typologies that could be considered to expand the scope of the National Housing Programmes, particularly to address the need for higher density developments.

With regard to multi storey higher density units, the only individual ownership model available remains Sectional Title Schemes. These schemes are regarded as being not feasible to the target group, earning up to R3 500 per month. The setup of the scheme is costly and the residents must be able to maintain the buildings and open spaces on their own. The administration of the units is also complex. The application of the proposed new higher density house typologies should therefore not be compulsory. Each development area will require a tailored housing development strategy. Provinces and municipalities should therefore be allowed discretion to select from the enhanced range of house construction design options whether to opt for the higher density ownership developments where such is regarded feasible and practicable.

The application of the proposed new higher density house typologies should therefore not be compulsory. Each development area will require a tailored housing development strategy. Provinces and municipalities should therefore be allowed discretion to select from the enhanced range of house construction design options whether to opt for the higher density ownership developments where such is regarded feasible and practicable.

1.1 The cost of each proposed typology are as follows:

1.1.1 Double storey semi-detached typologies with mono- pitch roof

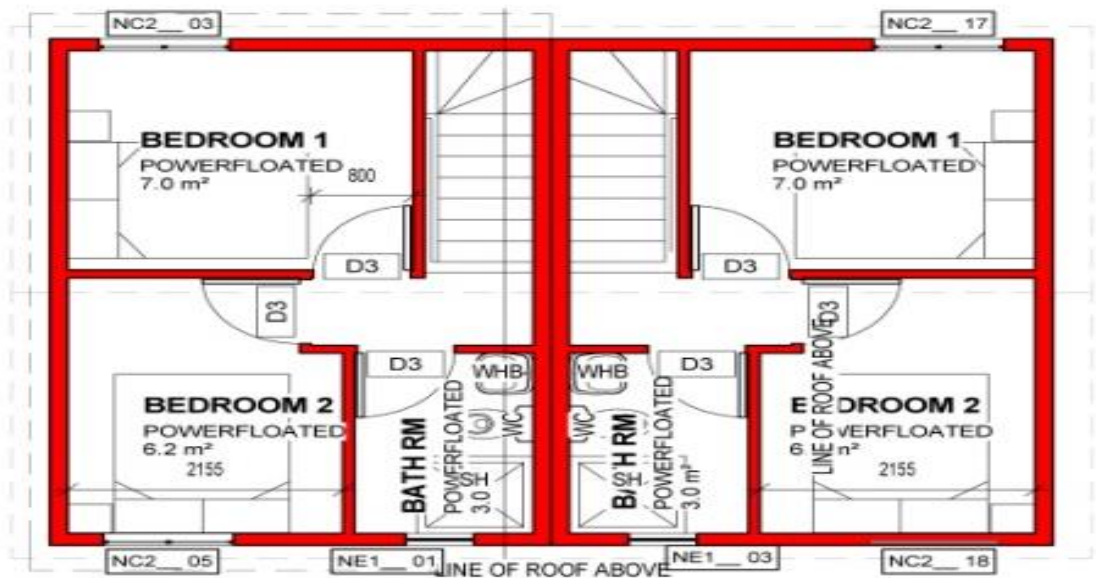
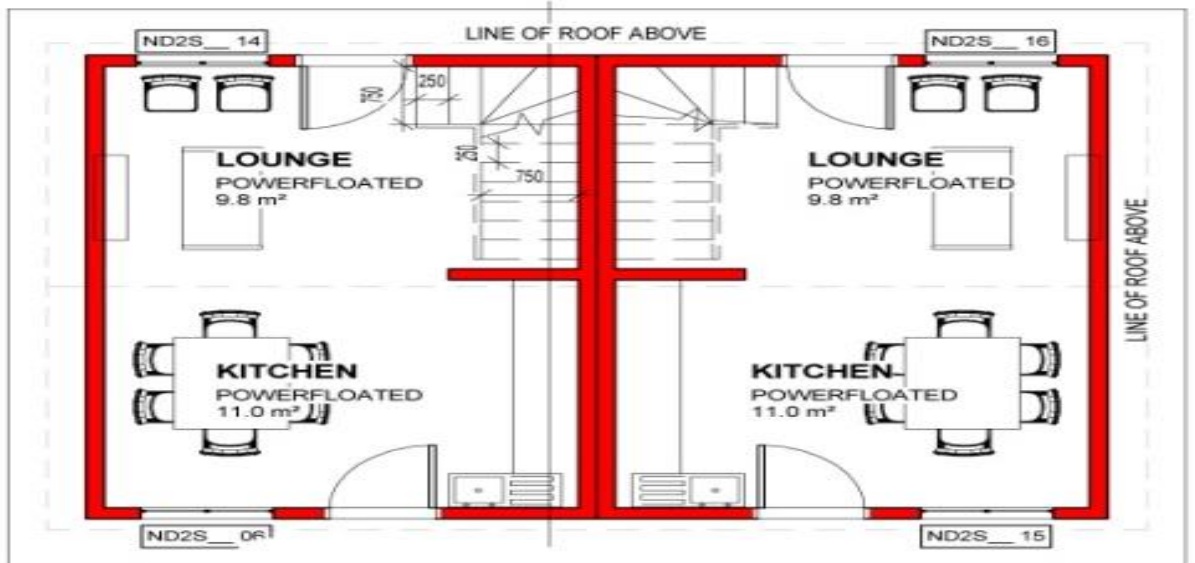
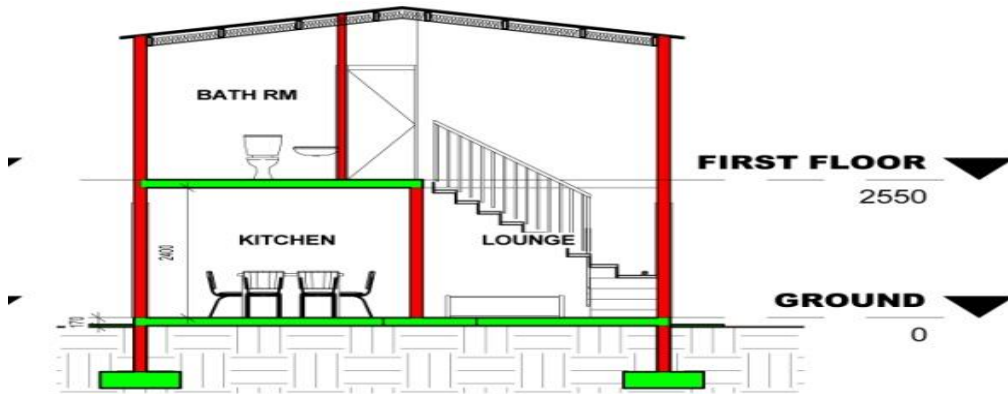


➤ **Cost of the Double Storey Semi-Detached unit Type 2(a)**

<b>Cost elements</b>	<b>Cost</b>
Primary elements	R 201 310.84
External works and services	R 2 814.18
Preliminaries	R 18 554.62
<b>Total A</b>	<b>R 222 679.63</b>
<b>Escalation cost</b>	<b>R 26 057.00</b>
<b>Total B</b>	<b>R 248 736.63</b>
Project management	R 8 754.52
Clerk of works	R 7 504.48
<b>Total C</b>	<b>R 264 995.64</b>
Transfer cost	R 1 000.00
Beneficiary administration	R 300.00
<b>Total cost for two units complex</b>	<b>R 266 295.64</b>
<b>Price per unit</b>	<b>R 133 147.82</b>

1.1.2 Double storey semi-detached unit Type 2(b) and (c)





➤ **Cost of the Double Storey Semi-Detached unit Type 2(b)**

<b>Cost elements</b>	<b>Cost</b>
Primary elements	R 204 434.89
External works and services	R 2 814.18
Preliminaries	R 18 839.20
<b>Total A</b>	<b>R 226 088.27</b>
<b>Escalation cost</b>	<b>R 26 456.00</b>
<b>Total B</b>	<b>R 252 544.27</b>
Project management	R 8 889.44
Clerk of works	R 7 619.37
<b>Total C</b>	<b>R 269 053.07</b>
Transfer cost	R 1 000.00
Beneficiary administration	R 300.00
<b>Total cost of two units</b>	<b>R 270 353.07</b>
<b>Price per unit</b>	<b>R 135 176.54</b>



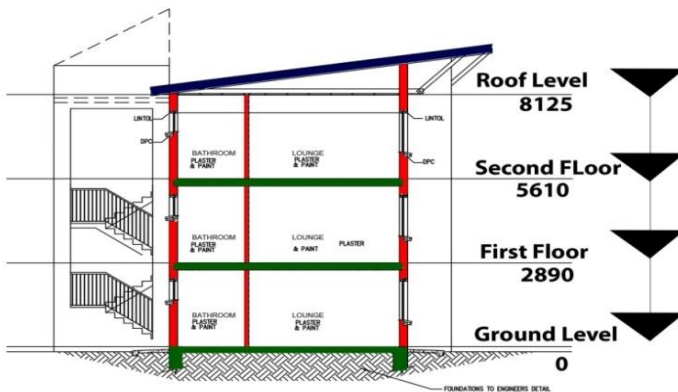
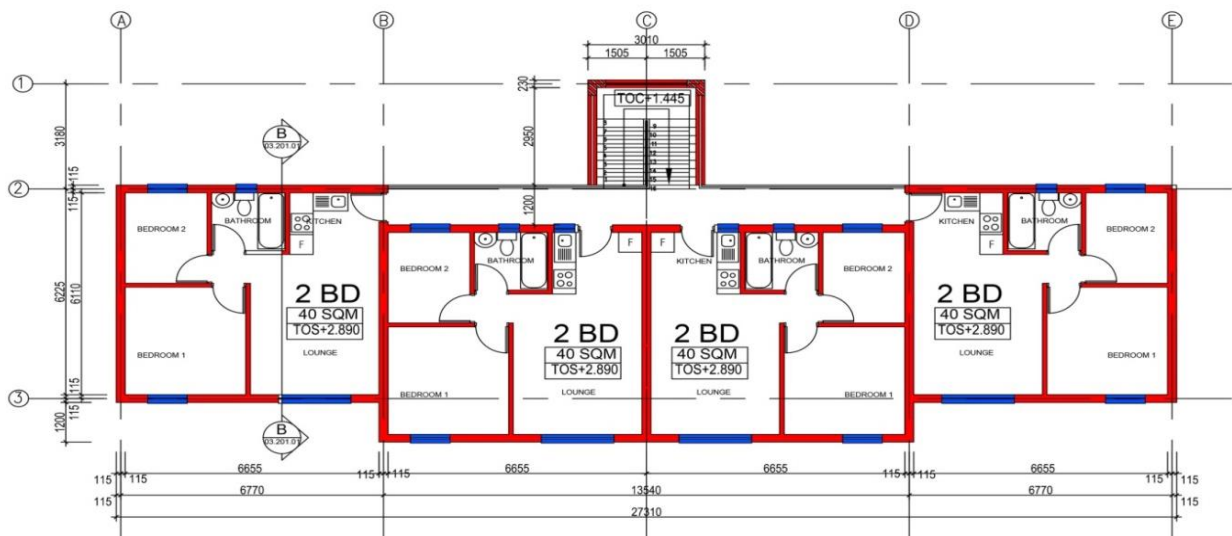
➤ *Cost of the Double Storey Semi Detached unit Type 2(c)*

<b>Cost elements</b>	<b>Cost</b>
Primary elements	R 209 674.33
External works and services	R 2 814.18
Preliminaries	R 19 315.60
<b>Total A</b>	<b>R 231 804.11</b>
<b>Escalation cost</b>	<b>R 27 124.00</b>
<b>Total B</b>	<b>R 258 928.11</b>
Project management	R 9 113.94
Clerk of works	R 7 812.25
<b>Total C</b>	<b>R 275 854.30</b>
Transfer cost	R 1 000.00
Beneficiary administration	R 300.00
<b>Total cost of two units</b>	<b>R 277 154.30</b>
<b>Price per unit</b>	<b>R 138 577.15</b>

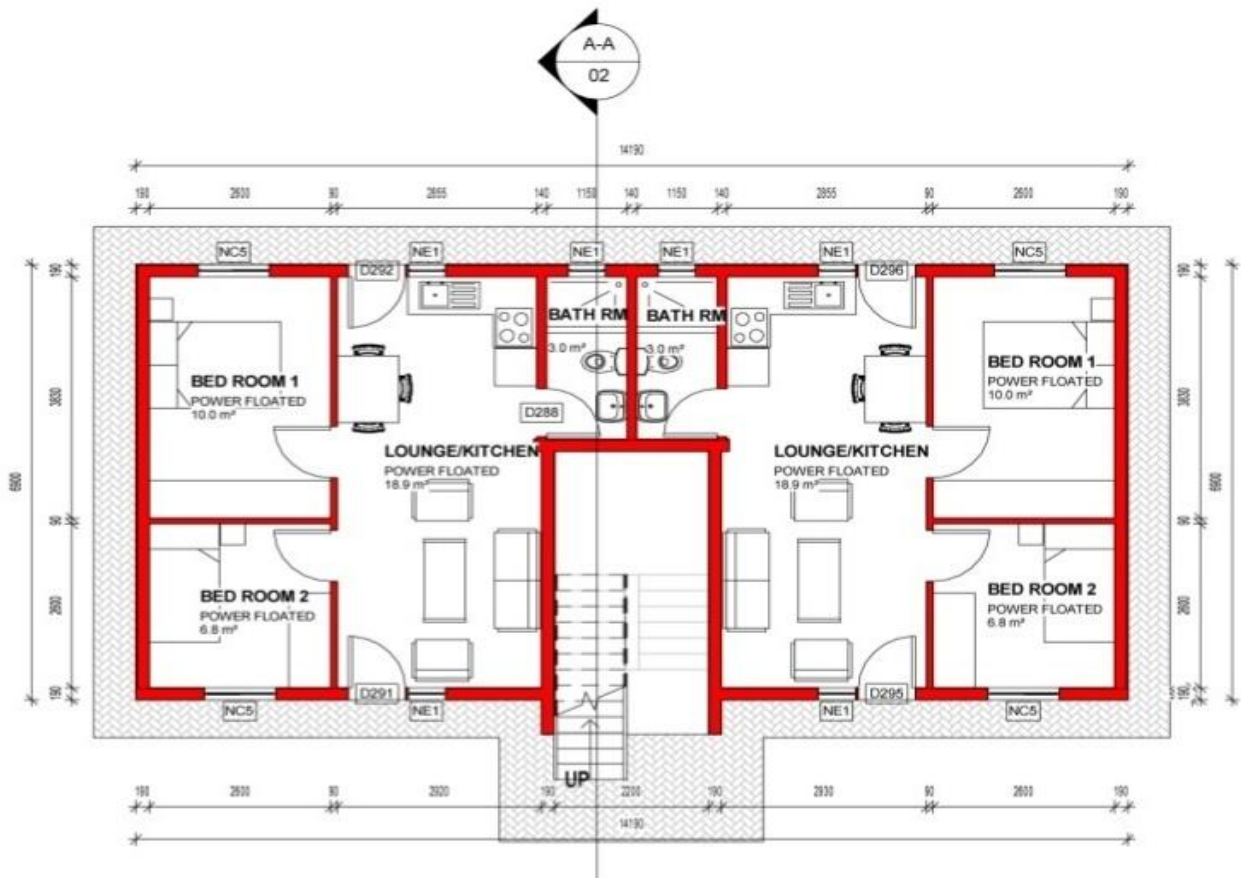
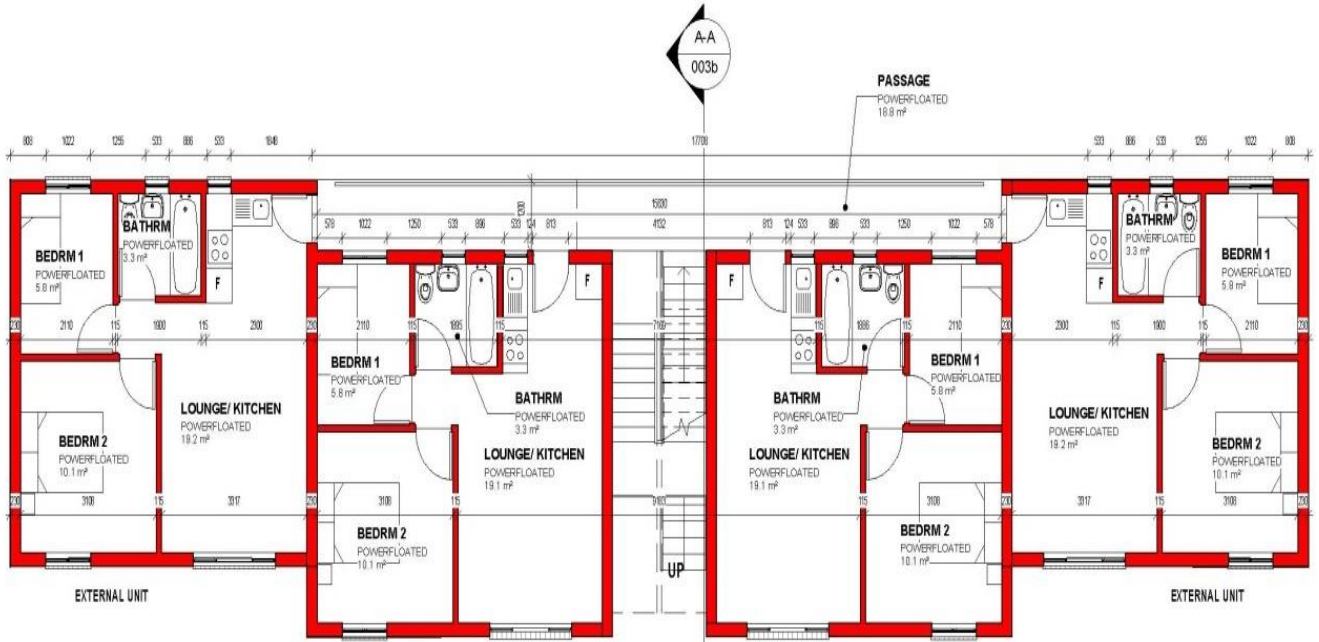
1.2 In respect of the higher density units for Sectional Title ownership options, investigations revealed that three storey units of various design are most feasible and cost effective. The Consortium also proposed three design options that could be considered. These typologies vary from external staircase designs to placing the staircases under roof either between the two sets of buildings or in front of the buildings

1.2.1 The designs and cost of the proposed units are as follows:

1.2.1.1 Three Storey walk-ups: Type 3(a)



1.2.1.2 Three Storey Walk-ups Type: 3(b)



➤ **Costing of the Three Storey Walk-up units Type 3(a)**

<b>Cost elements</b>	<b>Cost</b>
Primary elements	R 1 345 342.46
External works and services	R 177 495.71
Preliminaries	R 138 426.04
<b>Total A</b>	<b>R 1 661 264.21</b>
<b>Escalation cost</b>	<b>R 194 392.00</b>
<b>Total B</b>	<b>R 1 855 656.21</b>
Project management	R 65 315.33
Clerk of works	R 55 984.26
<b>Total C</b>	<b>R 1 976 955.80</b>
Transfer cost	R 12 000.00
Beneficiary administration	R 3 600.00
<b>Total cost of 12 units</b>	<b>R 1 992 555.80</b>
<b>Price per unit</b>	<b>R 166 046.32</b>

➤ **Costing of the Three Storey Walk-up units Type (b)**

<b>Cost elements</b>	<b>Cost</b>
Primary elements	R 1 351 888.86
External works and services	R 177 495.71
Preliminaries	R 138 426.04
<b>Total A</b>	<b>R 1 667 810.60</b>
<b>Escalation cost</b>	<b>R 195 228.00</b>
<b>Total B</b>	<b>R 1 863 038.60</b>
Project management	R 65 595.69
Clerk of works	R 56 225.63
<b>Total C</b>	<b>R 1 984 859.92</b>
Transfer cost	R 12 000.00
Beneficiary administration	R 3 600.00
<b>Total cost</b>	<b>R 2 000 459.92</b>
<b>Price per unit</b>	<b>R 166 704.99</b>

➤ **Costing of the Three Storey Walk-up units Type 3(c)**

<b>Cost elements</b>	<b>Cost</b>
Primary elements	R 651 485.83
External works and services	R 177 495.71
Preliminaries	R 75 354.68
<b>Total A</b>	<b>R 904 336.22</b>
<b>Escalation cost</b>	<b>R 103 820.00</b>
<b>Total B</b>	<b>R 1 008 156.22</b>
Project management	R 32 393.64
Clerk of works	R 30 476.41
<b>Total C</b>	<b>R 1 071 026.26</b>
Transfer cost	R 6 000.00
Beneficiary administration	R 3 600.00
<b>Total cost</b>	<b>R 1 080 626.26</b>
<b>Price per unit</b>	<b>R 180 104.38</b>

## 2. COST COMPARISON

The higher density units are more expensive than the standard 40 square metre stand alone house. The cost of the higher density house typology per unit should be considered against the substantial long terms benefits that will be achieved through more compact cities and towns as opposed to sustained urban sprawl and the pressure of such on infrastructure development and expansion requirements. The cost saving on land must also be considered. Furthermore, higher density housing developments will positively impact on the goals of spatial restructuring, social integration, optimum infrastructure use and will increase the availability of housing opportunities for lower income groups.

The Sectional Title ownership options will only be opted for where such shared ownership options are regarded affordable, feasible and practicable. The MECs will be required to assess such project applications on the principles of feasibility, long terms affordability and the ability of the beneficiaries to properly administer the units as required by the legislation. It is envisaged that this option will only be feasible in exceptional circumstance.

## 3. FUNDING IMPLICATIONS

The proposed new higher density typologies are generally more expensive compared to the normal single dwelling per stand options. The semi-detached units can cost up to R20 000 more depending on the design choices while the multi storey walk-up units is on average R50 000 more expensive per unit. However the

higher cost must be evaluated and conceptualised against the long term cost advantages of more compact cities as well as savings in regard to social and economic amenities, transport cost and improved quality of life.

In addition, the proposed new units will be funded from the current budget allocations and no additional funds are requested. The net effect is that the programme will deliver less single house per stand options to enable the release of funds for the more expensive units, which will result in substantial long term benefits and better human settlements, including land cost savings.

The Minister of Human Settlements, after consultations within the Human Settlements MINMEC forum approved the adjustment of the housing subsidy quantum by 5,4% with effect from 1 April 2018. The costing has been done and comparison is as follows:

<b>Semi detach type 2a</b>	<b>Semi detach type 2b</b>	<b>Semi detach type 2c</b>
R133 148	R135 177	R138 577
<b>Walk-up type 3a</b>	<b>Walk-up type 3b</b>	<b>Walk-up type 3c</b>
R166 046	R166 705	R180 104

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