



## human settlements

Department:  
Human Settlements  
PROVINCE OF KWAZULU-NATAL

<b>TO</b>	<b>MEC for Human Settlements &amp; Public Works</b>
<b>DATE</b>	<b>31 October 2018</b>
<b>SUBJECT</b>	<b>Request for approval of Densification Allowance</b>

### 1. PURPOSE

The purpose of this submission is to request the MEC for Human Settlements and Public Works to approve:

- a) a densification allowance of R27 736.70 (as calculated in paragraph 5 below) which is based on a maximum increase of 10m<sup>2</sup> per unit for projects which have adopted a densification approach and were implemented using the April 2014 subsidy quantum of R110 947-Annexure A); and
- b) a densification allowance for typologies and costing for new densification projects must be guided by the higher density typologies approved by MINMEC on 16 November 2017. (Annexure B).

### 2. BACKGROUND

- 2.1 The continuous low density projects have contributed to the challenge of insufficient well-located land for the development of sustainable human settlements.
- 2.2 Low density projects threaten sustainability and contributes to the challenge of urban sprawl which has created long distances with fragmented and dispersed urban activity patterns that affects the mobility of the poor, who are dependent on public transport (increased travel and fuel costs).

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2.3 There have been ad hoc approvals for the additional ten square metres to cater for densification.

### 3. OBJECTIVES OF DENSIFICATION

The objectives of densification are to:

- a) Ensure the optimal and efficient use of infrastructure, services, land and facilities;
- b) To improve levels of access to socio-economic opportunities; and
- c) To protect, manage and enhance the natural and built environment.

## 4. DISCUSSIONS

4.1 The Integrated Residential Development Programme provides for the planning and development of integrated projects, providing for the housing and social economic needs of different income categories. It provides for both subsidised, as well as finance-linked housing, social and rental housing, commercial and institutional and other land uses to be developed.

4.2 Owing to the holistic planning and development approach, the instrument also provides for substantial economies of scale to be realised. This effectively means that municipalities usually implement a densification model to maximise on the scale of delivery within the project area.

4.3 The acquisition of well-located land is expensive and the government has limited resources to acquire land therefore a densification model for development is encouraged and supported. In order to maximise on the number of housing opportunities and to increase the population threshold per hectare municipalities are approving the construction of semi-detached and terraced duplexes and two and three storey walk-ups for residential accommodation.

4.4 The size of a duplex unit has to be increased by at least 10 square metres to allow for the staircase and mobility within the unit. Also, the cost to develop two and three storey walk-ups is more expensive than the traditional single storey unit due to the use of steel in the slab or floor area of the upper unit(s).

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**4.5** The densification allowance will be limited to the human settlement projects that have adopted a densification approach and implemented with the April 2014 subsidy quantum (R110 947). It must be noted that the subsidy quantum is based on a single unit and does not cater for densification models (duplexes, 2 and 3 storey walk-ups)

**4.6** Typologies for future densification projects must be guided by the higher density typologies which were approved by MINMEC on 16 November 2017.

**5. FINANCIAL IMPLICATIONS**

The calculation of the densification allowance per square metre is based on the 2014 subsidy quantum of R110 947.00 for a 40m<sup>2</sup> which is calculated as follows:

$$R110\ 947 \text{ divided by } 40m^2 = R2773.67 \text{ per square metre}$$

The density allowance for 10<sup>m<sup>2</sup></sup> is calculated as follows:  
 $R2773.67 \times 10^{m^2} = R27\ 736.70$

The total cost of the unit (duplex) will compute to R110 947 + R27 736.70 = R138 683.70

The costs for the higher density typologies (double storey semi-detached unit) as approved by MINMEC on 16 November 2018 ranges from R133 147.82 to 138 577.15

The densification allowance is comparable to the cost of the densification typologies approved by MINMEC.

**6. RECOMMENDATION**

It is recommended that the MEC for Human Settlements and Public Works approves:

**6.1** a densification allowance of R27 736.70 (as calculated in paragraph 5 above) which is based on a maximum increase of 10m<sup>2</sup> per unit for projects which have adopted a densification approach and were implemented using the April 2014 subsidy quantum of R110 947; and

**6.2** the typologies and costing for future densification projects must be guided by the new higher density typologies approved by MINMEC on 16 November 2017.

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**6. RECOMMENDATION**

It is recommended that the MEC for Human Settlements and Public Works approves:

- 6.1 a densification allowance of R27 736.70 (as calculated in paragraph 5 above) which is based on a maximum increase of 10m<sup>2</sup> per unit for projects which have adopted a densification approach and were implemented using the April 2014 subsidy quantum of R110 947; and
- 6.2 the typologies and costing for future densification projects must be guided by the new higher density typologies approved by MINMEC on 16 November 2017.

<p>Submitted by: </p> <p>Comments: .....</p> <p><b>MS D.A. DUVAL</b> DIRECTOR: PRODUCT DEVELOPMENT</p> <p>DATE <u>13/11/2018</u></p> <p>Supported/Supported as amended/Not Supported</p> <p>Comments: .....</p> <p><b>MRS S PILLAY</b> CHIEF FINANCIAL OFFICER</p> <p>DATE <u>19/11/18</u></p> <p>Recommended/Recommended as amended/Not recommended</p> <p>Comments: <i>Policy Unit to conduct 1000sqm for both Development &amp; Residential and take out the 6/12/18 option being signed by the MEC. Also a submission to Council on 11/18.</i></p> <p><b>MR M.O.S. ZUNGU</b> ACTING HEAD OF DEPARTMENT</p> <p>DATE <u>20/11/18</u></p>	<p>Supported/Supported as amended/Not Supported</p> <p>Comments: .....</p> <p></p> <p><b>MR E.L. KHODZA</b> CHIEF DIRECTOR: PLANNING &amp; DEVELOPMENT</p> <p>DATE <u>15/11/2018</u></p> <p>Supported/Supported as amended/Not Supported</p> <p>Comments: .....</p> <p></p> <p><b>MIR L. PATO</b> ACTING CHIEF OPERATIONS OFFICER</p> <p>DATE <u>27/11/18</u></p> <p>Approved/Approved as amended/not approved</p> <p>Comments: .....</p> <p></p> <p><b>HON R.R. PILLAY (MPL)</b> MEC FOR HUMAN SETTLEMENTS AND PUBLIC WORKS</p> <p>DATE <u>4/12/18</u></p>
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