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ACRONYMS

Housing Subsidy System	HSS
Integrated Development Plan	IDP
Land Restitution Programme	LRP
Member of Executive Council (or a delegate)	MEC
Municipal Finance Management Act, 2003 (Act 56 of 2003)	MFMA
Medium Term Expenditure Framework	MTEF
National Home Builders Registration Council	NHBRC
Provincial Department responsible for human settlement	PD
Public Finance Management Act, 1999 (Act 1 of 1999)	PFMA
South African Revenue Service	SARS
Value Added Tax	VAT
Integrated Residential Developments Programme	IRDP

The Housing Code

Integrated Residential Development Programme

PART A Integrated Residential Development Programme

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1 Nature of Guidelines

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7 Norms and Standards



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

PART A: INTEGRATED RESIDENTIAL DEVELOPMENT PROGRAMME

1 OVERVIEW

The Comprehensive Plan for the Development of Sustainable Human Settlements approved on 1 September 2004, represents a paradigm shift for the national housing programme. Having achieved the initial housing delivery targets, Government shifted its development focus towards addressing settlement inefficiencies through the development of integrated human settlements which will contribute towards more compact settlement form and provide a range of housing and social economic opportunities.

The existing housing policy programmes focus primarily on the development of subsidised housing and do not provide much scope for area wide settlement planning and the integration of a range of housing types and price categories, together with commercial and social amenities in a project.

As the name suggests, this programme provides a tool to plan and develop integrated settlements that include all the necessary land uses and housing types and price categories to become a truly integrated community.

The Programme in particular provides for planning and developing an integrated project, providing for the housing, social and economic needs of different income categories. It does away with the requirement found in other policy programmes to identify subsidised housing recipients up front and provides for both subsidised, as well as finance linked housing, social and rental housing, commercial, institutional and other land uses to be developed.

Owing to the holistic planning and development approach, the instrument also provides for substantial economies of scale to be realised. Integration is achieved through the provision of both bonded and subsidised housing in a mix appropriate to the projects location, which in turn lends itself to facilitating inclusionary housing development (which requires a certain number of affordable housing units to be delivered in any residential development).

Projects can be planned and developed in two phases. The first phase encompassing planning, land acquisition, township establishment and providing serviced residential stands in a variety of price categories as well as stands for other land uses to ensure a holistic and sustainable community. In the second phase houses are constructed for qualifying housing beneficiaries and the sale of stands to non qualifying beneficiaries and to commercial interests etc. is undertaken.

In summary, the Integrated Residential Development Programme (IRDP) provides for a phased approach to provide for:

- a) Land acquisition where required;
- b) Township planning and municipal engineering services design;
- c) The provision of municipal engineering services to all the stands where no alternative funds are available;
- d) Township establishment;
- e) The sale of the stands not identified for subsidised housing created in the township; and
- f) The construction of houses by registered contractors for housing subsidy beneficiaries who chose contractor built houses. This can be achieved through a variety of contracting options.

Where the need has been identified for the construction of rental housing on the stands created through the IRDP and or where beneficiaries elect to construct their own houses through the People's Housing Process, the rules applicable to those specific programmes will apply to projects to be undertaken in the township.

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2 POLICY PRESCRIPTS AND PROVISIONS

This Programme has been approved by the Minister in terms of the provisions of Section 3 of the Housing Act, 1997 (Act No. 107 of 1997), and this Section provides the prescriptive framework for the Programme and covers:

- a) The structure of projects;
- b) The contents of project documents and *pro forma* agreements or contracts; and
- c) The roles of developers and contractors.

The rules also relate to the submission and approval of project descriptions, the criteria in terms of which projects will be assessed, and the administrative and payment procedures in respect of approved project funding. In addition the scheme has been enhanced to cater for a phased development process to ensure projects are packaged to the benefit of the entire target community. This process is classified as an incremental intervention in that it is carried out on a step-by-step basis.

2.1 POLICY INTENT

The IRDP was developed to give effect to the objectives of the Comprehensive Plan for the Development of Sustainable Human Settlements, by incorporating the following:

- a) A comprehensive development approach to integrated township development which accommodates all the needs identified in a specific area or community. This relates to land use and the provision of municipal engineering services and sites for all land uses to ensure the development of integrated and sustainable human settlements;
- b) A phased development approach in terms of which a housing project is packaged in phases to facilitate effective project management and administration as well as effective expenditure and application of housing funds;
- c) The allocation and sale of serviced residential stands at the final stage of housing construction in a new development to qualifying beneficiaries, as well as the sale of other residential stands to persons who do not qualify for subsidies at a variety of prices depending on the income and profile of the households;
- d) Housing construction administered in terms of the basket of housing development options available within the National Housing Programmes for qualifying beneficiaries as the final phase; and

- e) The provision of serviced sites for a variety of non-residential use essential to integrated Human Settlements.

A further fundamental departure point is the fact that the creation of serviced stands in a new township is no longer subject to the identification and approval of a qualifying housing subsidy beneficiary.

2.2 APPLICATION OF PROGRAMME

The IRDP may be utilised where:

- a) A project that is undertaken in an area where unoccupied vacant land is developed for an integrated Human Settlement; or
- b) An integrated Human Settlement project is undertaken in an existing township where an undeveloped parcel of land is utilised for development purposes.

In order to deliver housing in terms of a procurement compliant process, it is necessary for:

- a) A developer to manage the total development process and to administer projects in terms of the provisions of the Programme. A developer can either be a municipality or a PD where the municipality lacks capacity;
- b) Professionals to establish the township, design and monitor the installation of the services and to design the housing units, and provide project management services; and
- c) Contractors to construct the services and housing units.

The services of professionals and contractors can be procured in a number of ways, depending on how a developer wants to allocate risk and manage the project. A developer can choose any one of the following three contracting strategies or a combination thereof:

- a) Turnkey contract;
- b) Traditional pre-planned contracts; or
- c) Development contracts.

2.3 WHO WILL BE ASSISTED?

The Programme provides for a range of benefits linked to beneficiaries of residential properties depending on their status and profiles.

The following entry requirements apply:

- a) **Resident:** He or she is lawfully resident in South Africa (i.e. citizen of the Republic of South Africa or in possession of a permanent residence permit). Certified copies of the relevant documents must be submitted with the application.
- b) **Competent to contract:** He or she is legally competent to contract (i.e. over 18 years of age or legally married or legally divorced and of sound mind).
- c) **Not yet benefited from government assistance:** Neither that person nor his or her spouse has previously derived benefits from the housing subsidy scheme, or any other state funded or assisted housing subsidy scheme which conferred benefits of ownership, leasehold or deed of grant or the right to convert the title obtained to either ownership, leasehold or deed of grant. Such previous beneficiaries may, however, qualify for the purchase of a vacant serviced site.

In the case of a divorced applicant who previously derived benefits from the housing subsidy scheme, or any other state funded or assisted housing subsidy scheme which conferred benefits of ownership, leasehold or deed of grant or the right to convert the title obtained to either ownership, leasehold or deed of grant, the terms of the divorce order will determine such an applicant's eligibility for any further benefits under this Programme. Divorced applicants who acquired ownership of a residential property or who derived a financial benefit from the sale of a residential property as part of the dissolution of the joint estate, will be disqualified from accessing any further housing subsidy, except that such an applicant may purchase a serviced stand developed as part of a project financed from any of the National Housing Programmes.

- d) **Not yet owned a fixed residential property:** Such a person may qualify for the purchase of a vacant serviced site and/or a housing subsidy for the construction of a top structure.
- e) **Previously owned a fixed residential property:** Such a person may only qualify for the purchase of a vacant serviced site. The MEC will have discretionary authority to approve such applications on the merits of each case.

In addition to the above requirements, any applicant must also satisfy the following general criteria, as linked to the benefits of the Programme:

- f) Married or Cohabiting:** He or she is married (in terms of the Civil Law or in terms of a Customary Marriage) or habitually cohabits with any other person. The word “spouse” includes any partner with whom a prospective beneficiary habitually cohabits.

Where an application is made for a subsidy on the basis of a legal marriage or cohabitation arrangement, it is required that the property must be registered in the names of both spouses in the Deeds Office. Documentary proof of the marriage and affidavits from both spouses in respect of cohabiting arrangements and customary marriages must be provided.

Applicants who satisfy the above criteria may qualify for the purchase of a serviced site and/or a housing subsidy for the construction of a top structure.

- g) Single with Financial Dependants:** He or she has proven financial dependents. A financial dependent refers to any person who is financially dependent on the subsidy applicant and who resides permanently with the housing subsidy applicant. Financial dependents include any or a combination of the following proven financially dependent persons of, and residing permanently with, the subsidy applicant:

- i) Biological parents or parents-in-law;
- ii) Biological grandparents or grandparents-in-law;
- iii) Brothers/sisters under the age of eighteen [18] years or, if older, who are proven financially dependent on the applicant;
- iv) Children under the age of eighteen [18] years, i.e.:
 - a) Grand children;
 - b) Adopted children;
 - c) Foster children;
 - d) Biological children;
 - e) Any of the above persons over the age of eighteen [18] years who are still studying and who are financially dependent on the applicant; and
- v) Extended family members who are permanently residing with the applicant due, for example, to health problems and who are therefore proven financially dependent on the housing subsidy applicant;

Special Provision: It is a requirement that in cases where housing subsidy applications are submitted by single persons with financial dependents, that the particulars from the identification document of such dependents must be recorded on the application form and the information must be captured in the Housing Subsidy System. The following documents must accompany an application for a housing subsidy:

Certified copies of:

- i) Birth certificates, bearing the thirteen digit identity number for children who do not have a bar coded identity document;
- ii) Bar coded identity documents of all persons who are claimed as part of the household;
- iii) Divorce settlement documentation (to prove custody of children) where relevant;
- iv) Affidavits for unions solemnised in terms of SA Civil Law and accompanied by sworn statements to prove the authenticity of the relationship to the applicants, where applicable; and
- v) Court orders or, orders issued by the Commissioner of Child Welfare to prove guardianship for foster children, where relevant.

Applicants who satisfy the above criteria may qualify for the purchase of a serviced site and/or a housing subsidy for the construction of a top structure.

h) Single persons without financial dependents: Applicants falling within this category may apply for the purchase of a serviced site. Once this person satisfies the other qualification criteria of this Programme, he or she may apply for a housing subsidy for the construction of a top structure.

i) Monthly household income: In cases where the gross monthly household income of his or her household:

- i) Does not exceed the provisions of the programme funding schedule as annually approved by MINMEC, he or she may qualify for the purchase of a serviced site and/or a housing subsidy for the construction of a top structure;
- ii) Exceeds the amount of the provisions of the programme funding schedule as annually approved by MINMEC but is less than the maximum amount determined by MINMEC, he or she may qualify

for the purchase of a serviced site and/or apply for a Finance Linked Individual Subsidy for the construction of a house; and

- iii) Exceeds the provisions of the programme funding schedule as annually approved by MINMEC, he or she may apply for the purchase of a serviced site. The purchase price of the stand must be equal to the fair market value, which may not be less than the per stand input cost.

A prospective beneficiary will be required to submit adequate proof of income, and, in the case of income received through self-employment, must sign an affidavit stating the amount earned.

For the purposes of assessing whether any particular person is entitled to receive a housing subsidy, the income of his or her spouse (if any) shall be added to that person's income, and "income" shall include:

- i) Basic salary and/or wages;
 - ii) Any allowances paid on a regular, monthly or seasonal basis as part of an employment contract;
 - iii) Any loan interest subsidy, or other remuneration payable regularly on a monthly basis to the individual (and/or to his or her spouse) by his or her employer;
 - iv) Any financial obligations met on behalf of the individual (or his or her spouse) by his or her employer on a regular monthly basis;
 - v) Any commission payable to the individual (and/or to his or her spouse) on a monthly basis (an average of the most recent 12 (twelve) months will be determined for eligibility assessment purposes);
 - vi) Income received through self employment; and
 - vii) Any retirement or disability benefits received on a regular (monthly) basis.
- j) Persons who are beneficiaries of the Land Restitution Programme:** Beneficiaries of the Land Restitution Programme (LRP), should they comply with other qualification criteria, may apply for housing subsidies in the following manner:

- i) In cases where a serviced site has been provided in terms of the LRP, such beneficiaries may qualify for a housing construction subsidy.
 - ii) In cases where an unserviced site has been provided in terms of the LRP, such beneficiaries may qualify for a housing subsidy to service the site and for the construction of a top structure.
 - iii) In cases where the beneficiary did not receive any residential property, such beneficiaries may qualify for a full housing subsidy.
- k) Persons classified as military veterans:** South African Military Veterans who are single without financial dependants may also apply for subsidisation. Military veterans can be classified as South Africans who served under any previous military dispensation including those persons involved in military operations during the liberation movement. Veterans must submit with their application:
 - i) Proof of service; and
 - ii) Details of social services received.
- l) Persons classified as aged:** Aged persons who are single without financial dependants may also apply for subsidisation. Aged persons can be classified as male and female persons who have attained the minimum age set to qualify for Government's old age social grant.
- m) Persons classified as disabled:** Persons who are classified as disabled, whether single, married or co-habiting or single with financial dependants, may apply for housing subsidies. In addition the MEC may in his/her discretion decide to award the beneficiary the variation of the subsidy.

Furthermore, if a person who has already received state funding for housing and/or who already owns or owned a residential property, is or becomes disabled, or if his or her dependent(s) is/are or become disabled and that person satisfies the other qualification criteria, the MEC may at his/her discretion decide to award the beneficiary the variation of the subsidy.

The variation of the subsidy amount for purposes of improvements to the dwellings for disable persons is contained in the Variation Manual, included in the Technical and General Guidelines of the National Housing Code.

2.4 ELIGIBILITY FOR ACCESS TO NON-RESIDENTIAL PROPERTIES

Access to the variety of non-residential stands created under Phase 1 will be directed by the following rules:

- a) **Institutional stands (e.g. police stations, clinics/ medical facilities operated by a state institution, municipal offices; and other public sector use stands):** These must be made available to the client public sector institutions at an amount equal to the per stand input costs as described in section 2.5 (a) of this part of the document.
- b) **Business and commercial stands:** These must be disposed of in transparent, open and competitive tender/development proposal basis that will satisfy the provisions of the Constitution, 1996, the Public Finance Management Act, 1999 (Act No. 1 of 1999) and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). The sale price is thus market value related but may not be less than the per stand input cost.
- c) **Serviced stands for use by not-for-profit community service providers (e.g. churches, crèche/pre-school/nursery schools and old age schemes and/or related service centres sites):** These stands must be disposed of at prices equal to at least the per stand input cost and in a transparent, open and competitive tender/ development proposal call basis.
- d) **Public uses (e.g. parks, recreation areas, roads areas and road reserves, stands for electric substations and transformers, informal trading areas, taxi facilities and community facilities/service centres):** The stands will not be disposed of and will remain in the ownership of the municipality. Where the Provincial Government acted as developer, the stands must be transferred to the municipality at no cost.

2.5 FUNDING ARRANGEMENTS

The total project cost to be financed through the Programme will be determined by the MEC in line with the funding policy as determined by MINMEC from time to time. In determining the project amount, the MEC will take the following into account:

- a) **Internal municipal engineering cost:**

Where municipal engineering services are to be funded from the housing allocation to Provinces the services costs include all the costs related to the creation of serviced stands for the project area. This cost includes the costs in respect of township design, the design of the services, the

installation of the approved services and supervision/project management. For this purpose the MEC shall take into account the need to comply with the National Norms and Standards in respect of the development of serviced stands.

The following may be developed under this Programme:

- i) Residential stands for housing subsidy scheme beneficiaries;
- ii) Stands for non-housing subsidy scheme beneficiaries;
- iii) Residential stands for higher income categories;
- iv) Stands for commercial and/ or business use;
- v) Institutional stands – schools, police stations etc; and
- vi) Stands for higher density scheme etc.

The cost of township establishment may also be funded.

The allocation and sale of the stands created under the programme will be directed by the nature of the stands and the profile of the beneficiaries. The principle of “the stand input cost” is also introduced and includes:

- i) The land acquisition cost;
- ii) The cost of providing the basic municipal engineering services where such were funded from the housing allocation;
- iii) The cost related to the township establishment process; and
- iv) Any applicable transfer costs.

b) The housing construction phase:

In this phase the costs incurred are for house construction for qualifying beneficiaries. In respect of households that will be assisted through the application of any of the other National Housing Subsidy Programmes, the cost structure of the relevant programme will determine the actual total project cost.

c) Total project cost:

The total project cost will therefore be determined on the following basis.

- i) The cost of the provision of municipal engineering services where such are funded from the housing allocation to provinces as determined by MINMEC funding policy; and

- ii) The cost of construction of the houses under this programme for qualifying beneficiaries.

The project cost so calculated can be adjusted during the project implementation stages due to a change in the expected number of beneficiaries or due to final analysis of the geotechnical conditions and precautionary measures required. Any adjustments to the approved project cost must be submitted to the MEC for approval of such revised project cost before any funds will be payable.

In view of the phased nature of the Programme, the quantum of the housing subsidy amount to be allocated to households that qualify for stands and housing construction assistance will be determined by:

- a) The actual cost of the creation of the serviced stand within a specific construction contract as determined by the MINMEC funding policy; plus
- b) The applicable amount of the subsidy for the housing construction phase as directed by the subsidy quantum available on the date of signing the project agreement for the housing construction Phase; and/or
- c) The applicable cost structure of the relevant Programme, in respect of housing construction in terms of any of the other National Housing Programmes as on the date of approval of the housing construction project.

Beneficiaries must receive written confirmation of the actual value of the benefits they receive through the Programme.

2.5.1 VARIATIONS FOR SPECIAL DEVELOPMENT CONDITIONS

Variations to the project costs are allocated for special precautionary measures resulting from geotechnical conditions in the construction of services and/or housing and for modifying houses for persons with disabilities. The variations take the form of an extra amount per property to cater for any prescribed precautionary and/or special measures. The detailed provisions of the variations to the project costs are contained in the Technical and General section.

2.5.2 FINANCIAL CONTRIBUTIONS

Certain beneficiaries of this Programme will be required to make a financial contribution where his or her monthly income exceeds a specified threshold to be announced annually.

In respect of a certain income category identified in the provisions of the programme funding schedule as annually approved by the Minister,

certain beneficiaries are required to make a financial contribution as determined to enable the construction of at least a 40m² house that complies with the technical standards of the NHBRC.

2.5.3 ASSISTANCE IN APPLYING

Where a municipality requires advice and/or financial assistance for the preparation of a project description and/or the establishment of a social contract, the municipality may submit a fully motivated request to the relevant MEC for such assistance. An MEC may agree to render such assistance in her or his discretion. The MEC may make available resources or pay fees and compensation for essential expenditure as may be agreed upon. This assistance is subject to strict budgetary and financial controls as is normally applicable to the appointment of professional consultants.

The costs of compiling project descriptions will be paid to an applicant from funds received from the Minister as part of the annual conditional grant allocations to provincial governments on approval of the project description by an MEC. The funds utilised for this purpose will be regarded as funds for facilitation and will not affect the individual housing subsidy funding. However, such funds must be added to the total project cost and must be reflected in the cost of each property created under the Programme. All beneficiaries must be informed of the total actual cost of the products they receive.

2.6 PROGRESS PAYMENTS

Under all contracting strategies, the total cost of the project will be paid to the developer in terms of a progress payment system as agreed between the MEC and the developer to enable it to make payments to providers of professional services or contractors.

Payment of approved project costs to the providers of housing goods and services shall be administered on the principle of value for money achieved and in terms of the Progress Payment System as approved by the MEC.

After payment of each advance to a developer under the progress payment system, a PD will update the project information on the HSS 2000 system.

2.6.1 INCOME GENERATED THROUGH THE SALE OF PROPERTIES

Any income generated by the developer through the sale of the stands, created during Phase 1, must be deposited in an account reserved for

the financing of housing development for the benefit of the Government's National Housing Programme target group. These funds shall only be utilised in terms of the provisions of any of the National Housing Programmes. Provincial departments and municipalities as the case may be, must ensure that any income received from the sale of the stands that are deposited in a central income account prescribed by Treasury directives, are reserved for housing purposes only and that it can access such funds at any given time.

2.7 INSTITUTIONAL ARRANGEMENTS

This section details the responsibilities of the developer (which can be either a municipality or PD if the municipality lacks the relevant capacity) and the MEC:

2.7.1 RESPONSIBILITIES OF MUNICIPALITIES

- a) Assume the role of developer;
- b) Use *pro forma* procurement documents, agreements, and/or contracts when applying for a project and implementing a project;
- c) Ensures that applications are approved by the municipal council;
- d) Applies for reservation of project funding;
- e) Call for land availability proposals;
- f) Adjudicate land proposals in relation to IDPs and selection of priority land;
- g) Secure land, undertakes feasibility study, prepares project description and compiles acquisition agreements;
- h) Secure land in terms of conditional agreement;
- i) Request project enrolment with NHBRC;
- j) Outsource services of a professional team for project assistance within the specific contracting strategy;
- k) Adjudicate tenders and appoints a team(s) of professionals; and
- l) Monitor and evaluate project performance.

2.7.2 RESPONSIBILITIES OF PROVINCIAL DEPARTMENT

- a) Assume the role of developers where a municipality lacks technical, financial and managerial capacity.

2.7.3 RESPONSIBILITIES OF THE MEC

- a) Using *pro forma* procurement documents, agreements, and/or contracts when applying for a project and implementing a project;
- b) Receiving the provincial subsidy allocation from National Department;
- c) Considering subsidy reservations and project descriptions from municipalities, district councils or any other service provider to supply, at its cost, all bulk and connector services required for the project;
- d) Approving the application if PD acts as developer;
- e) Adjudicating and giving conditional approval of project funding against selected land parcels and project descriptions including funds for housing subsidies and facilities, and determines variation amounts;
- f) Assessing municipalities in terms of capacity to undertake the proposed development in respect of financial resources, technical, managerial and information technical resources and competence required for project implementation and execution;
- g) Specifying the consultative requirements for purposes of housing projects in his/her Province and, in his/her discretion, strengthen, relax or remove such requirements in any manner deemed appropriate;
- h) Supplying financial assistance/advice upon request;
- i) Reviewing reasons and taking remedial action where the municipality does not comply with enrolment;
- j) Confirming subsidies approved in terms of the project agreement with municipality; and
- k) Making progress payments to the developer in terms of a project agreement.

2.7.4 PROJECT AGREEMENTS

After the confirmation of subsidies by an MEC, the MEC and the developer shall enter into a project agreement. The details as to what

the agreement could contain are to be found in the suggested implementation guidelines.

2.8 INTERFACE BETWEEN ORGANS OF THE STATE AND SUPPLIERS

It is a Constitutional requirement that all interfaces between the organs of the State and the suppliers of housing goods and services must be administered in terms of fair, equitable, transparent, and competitive processes. In addition, the provisions of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000), must be adhered to.

All procurement processes must comply with the prescripts applicable to the municipality and or provincial government as the case may be regarding letter tenders and tenders to be published in the tender bulletin as well as public newspapers.

Land acquisition process

In cases where land for housing development is required, the acquisition process must meet the minimum requirements of a fair, transparent and equitable procurement process. The role of the municipality as developer is of the utmost importance in this regard. The municipality or provincial government, where the municipality is unable to fulfil the role of developer, must acquire the land required for housing development purposes to enable it to manage the contracting strategies for the development of the land in a fair, transparent and equitable process.

The approval of project applications on land not registered in the name of the municipality, may not be considered.

2.9 REGISTRATION WITH THE NHBRC

It is necessary for all homebuilders to be registered with the NHBRC and to comply with the guidelines as stipulated by the NHBRC. In addition, all houses constructed under the Programme must be enrolled with the NHBRC.

2.10 HOUSING SUBSIDY SYSTEM

All approved projects under this Programme must be administered through the Housing Subsidy System and no parallel systems will be allowed.

All approved Housing Subsidy Scheme beneficiaries must be recorded on the National Housing Subsidy Database (NHSDB).

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human settlements

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PART B: GUIDELINES FOR THE IMPLEMENTATION OF PROJECTS

1 NATURE OF GUIDELINES

This section provides suggestions on how to implement projects under the Programme, and therefore is non-prescriptive in nature. The MEC has discretion in the application of these Guidelines.

It is, however, important to note that the contents of the Guidelines are based on the statutory provisions applicable to all spheres of government. The key legislation includes:

- a) The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996);
- b) The Public Finance Management Act, 1999 (Act No. 1 of 1999);
- c) The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
and
- d) The Housing Act, 1997 (Act No. 107 of 1997).

In considering the application of the Guidelines for the Implementation of the Programme, consideration should be given to the implications of any deviations, measured against the provisions of the relevant legislative provisions.

The Constitution, 1996 obliges the three spheres of government to fulfil the obligations imposed by it, and to apply national and provincial legislation enacted in terms of the Constitution, 1996 (sections 85(2), 125(2) and 151 (3)). In the implementation of this programme, all office bearers and officials must ensure compliance with this statutory framework.

1.1 IMPORTANT CONSIDERATIONS

This section details with security of tenure, the subsidy amount, beneficiary contributions, VAT, planning requirements, identification of projects and the procurement prescripts.

1.1.1 SECURITY OF TENURE

In line with the intent of the Comprehensive Plan to ensure that housing should be an asset, persons under this Programme will only qualify for a housing subsidy and/or other benefits where they acquire the secure right to occupy, use or own a property in terms of a tenure form which can be registered with a competent authority. Generally, subsidies should be made available only to beneficiaries who acquire registered title to a property either in the form of ownership, leasehold, 99-year leasehold, or deed of grant.

1.1.2 SUBSIDY AMOUNT AND BENEFICIARY CONTRIBUTIONS

As indicated in the Policy Section, the Director-General of the National Department will annually announce the various housing subsidy guideline amounts and the guideline amounts for the variation of the project costs to cater for special development requirements.

Certain beneficiaries are required to make a financial contribution to award them access to the benefits of the Programme. The following specific rules apply:

- a) To comply with the provisions of the programme funding schedule as annually approved by MINMEC, certain beneficiaries are not required to make any contribution; and
- b) To comply with the provisions of the programme funding schedule as annually approved by MINMEC, certain beneficiaries are required to make an own financial contribution as determined by MINMEC to enable the construction of at least a 40m² house that complies with the technical standards of the NHBRC.

1.1.3 ZERO RATING OF HOUSING SUBSIDIES FOR VAT

In terms of a ruling by the former Commissioner of Inland Revenue, housing subsidies fall within the definition of “transfer payments” as contemplated in the Value Added Tax Act, 1991 (Act No. 22 of 1991) and is therefore subject to VAT at a rate of zero percent (0%).

1.1.4 PLANNING REQUIREMENTS AND IDENTIFICATION OF PROJECTS

Each Provincial Department annually develops and maintains a multi-year housing development plan as part of the Strategic Planning Framework required by Treasury. Plans are compiled on the basis of the approved housing chapters of municipal Integrated Development Plans (IDPs) and priorities agreed to between the MEC and the Mayors of municipalities in the relevant province, over the period of the Medium Term Expenditure Framework (MTEF).

Project planning will therefore be undertaken based on such agreed priorities.

1.1.5 SUMMARY OF THE PROJECT PROCESS

Projects undertaken through the programme could typically entail the following process:

- a) The MEC in the Provincial Government commences the first phase of the project cycle by reserving subsidies for IRDP development in the area of jurisdiction of a municipality;

- b) Thereafter the Developer identifies and secures suitable land for development through an open public call for land to be made available. Private or public sector landowners may offer land for development in response to a call for land made by an applicant;
- c) An applicant selects appropriate land and secures rights to it and prepares a project description;
- d) Once a project description is approved by an MEC, the MEC conditionally allocates funding to a project and confirms the identity of the Developer, where the developer is the agency that undertakes an approved project by concluding a project agreement with the MEC. Only a municipality or a PD, where a municipality does not yet have appropriate technical, financial or managerial capacity to act as a developer, may be a developer; and
- e) The developer is required to confirm the feasibility of a project in terms of the conditions set out in this Chapter and to obtain NHBRC project enrolment in the warranty scheme, following which the MEC confirms project approval.

1.1.6 PROCUREMENT COMPLIANCE

In terms of the provisions of the Constitution, 1996 and the Public Finance Management Act, 1999 (Act No. 1 of 1999), all interfaces between the organs of the state and the suppliers of housing goods and services must be undertaken through a process that is fair, equitable, transparent and competitive. In order to comply with the procurement stipulations, the following would be required:

- a) The municipality should assume the role of **Developer** to plan, compile project descriptions and implement housing development projects;
- b) The appointment of **Professionals** to design and establish the township, design and monitor the installation of services and to design the houses; and
- c) The appointment of **Contractors** to construct the services and housing units.

Requirements in terms of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)

Preferential procurement arrangements are designed to maximise job creation through the creation of employment opportunities for local residents from poorer households and to provide business opportunities for small and micro

businesses. In this Programme special emphasis is also required for the provision of work opportunities for women within a project.

1.1.7 PROJECT PHASES

To ensure efficient project planning, implementation and funding administration, the Programme has been designed on the basis that it could be divided into specific phases. These entail securing land, the installation of municipal engineering services and the establishment of a township under Phase 1, and the second phase constitutes the construction of houses. Project contract design could thus be aligned according to the required phases of a specific development.

However, if considered appropriate projects could be implemented in a single phase.

To support the phased development process and procurement requirements, a range of contracting strategies can be considered namely:

- a) The turnkey contracting strategy;
- b) The traditional pre-planned contracting strategy; and
- c) The development contracting strategy.

These contracting strategies could be applied in a flexible manner, including variations and/or combinations thereof, to suit specific development requirements.

The Housing Code

Integrated Residential Development Programme

PART A Integrated Residential Development Programme

- 1 Overview
- 2 Policy Prescripts and Provisions

PART B Guidelines for the Implementation of Projects

- 1 Nature of Guidelines
- 2 Suggestions on How to Implement**
- 3 Project Funding
- 4 Community Participation
- 5 Town Planning Aspects
- 6 Project Agreement between Municipality and MEC
- 7 Norms and Standards

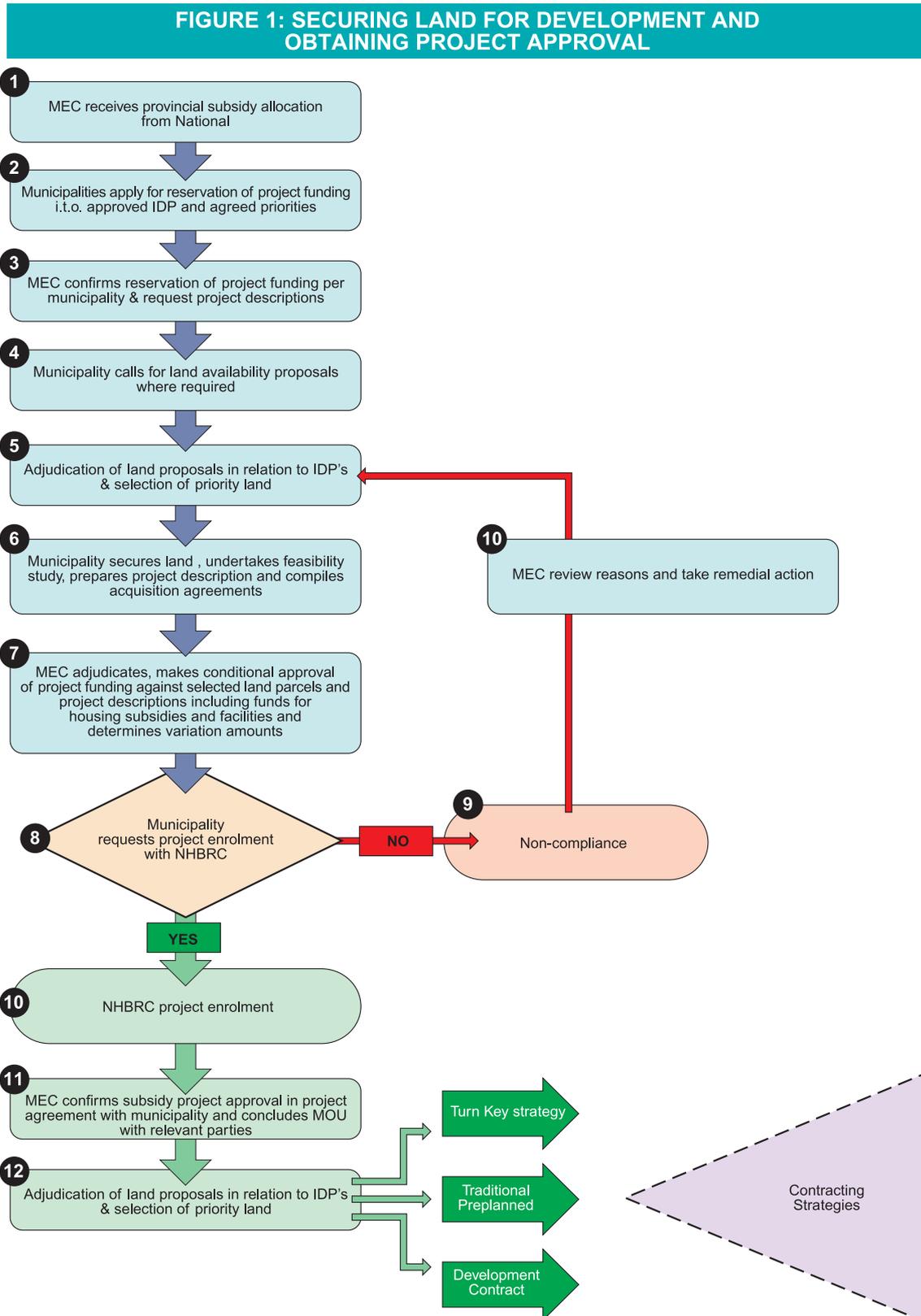


human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

2 SUGGESTIONS ON HOW TO IMPLEMENT

2.1 ROADMAP OF A SUGGESTED IMPLEMENTATION PROCESS



2.2 PHASE 1: SECURING LAND FOR DEVELOPMENT AND OBTAINING PROJECT APPROVAL AND PREPARING FOR SERVICES INSTALLATION

2.2.1 RESPONSIBILITIES

This section deals with the application and approval processes to secure land for development. The steps, associated actions and comprehensive descriptions of the process of securing land for approved development are represented in [Figure 1](#).

RESPONSIBILITIES OF THE APPLICANT

In this Programme the developer makes the initial project application by fulfilling the following responsibilities. This will enable the MEC to conditionally approve subsidies for the project. The applicant's responsibilities are:

- a) To agree with an MEC on its capability to act as a developer for purposes of IRDP project development, and to conclude a support agreement where the applicant's capacity to act as a developer may not yet be fully developed;
- b) To cede their development rights under a land acquisition agreement to the developer where the MEC decides that it does not possess the required capacity to act as developer;
- c) To apply (step 2 in [Figure 1](#)) to the MEC for reservation of funds for project development in a municipal area of jurisdiction in terms of a multi-year housing plan developed as part of an approved IDP, including the information set out in figure 1;
- d) To identify land in the housing chapter in its IDP and spatial development plan, which should:
 - i) Afford easy access to employment centres and to education and health care facilities;
 - ii) Be serviced by adequate existing bulk and/or connector services, alternatively the municipality must be capable and bound to providing these services within a reasonable period. Preference will be given to project applications where the land is serviced by adequate existing bulk and connector services;
 - iii) Have access to adequate transportation facilities;

- iv) Direct development towards existing economic opportunities and should promote urban efficiency and the spatial integration of towns and cities; and
 - v) Comply with such additional criteria as the MEC may require, which must be consistent with national housing policy.
- e) To identify all stakeholders, such as other commercial and business concerns, landlords, public authorities, and any representative organisation of individuals sharing a specific interest or interests, which will be directly or indirectly affected by or which have a direct or indirect interest in or contribution to make to a proposed housing project;
- f) Unless the MEC directs otherwise, the applicant must use its best endeavours where such contribution or interests are critical to the success of the project to:
- i) Obtain the approval and acceptance of all stakeholders in the proposed project;
 - ii) Obtain, where relevant, from every stakeholder an undertaking to participate or invest in, or contribute to, the project, in accordance with their envisaged role, function and interest; and
 - iii) Enter into social compacts with all the relevant stakeholders.
- g) To publicly call for landowners (step 4 in figure 1) to make land available for project development, evaluate and adjudicate land availability proposals from land owners and to compile a list of prioritised land, which is confirmed by a resolution of the municipal council;
- h) To conclude (step 6 in [Figure 1](#)) a land acquisition agreement with a land owner in respect of land for which an MEC has reserved subsidy funds;
- i) To complete (step 6 in [Figure 1](#)) a project description for land for which an MEC has reserved subsidy funds and submit it to the MEC;
- j) To terminate any contracts and agreements entered into if an MEC declines to approve subsidies for a project description;
- k) To ensure that the process of securing land for an approved housing development project is completed the developer should:
- i) Submit (step 8 in [Figure 1](#)) an application for project enrolment to the NHBRC;

- ii) In the case where the NHBRC issues written notice of project enrolment, submit an application in the prescribed format for project enrolment;
- iii) In the case where the NHBRC rejects an application for enrolment, consider (step 9 in figure 1) technical revisions to the project within the technical and financial limits set for conditional approval of the project by the MEC, and if appropriate adjustments cannot be made, take the following actions where then MEC issues a termination notice;
 - iv) Terminate the land acquisition agreement;
 - v) Terminate any professional services contracts relating to the project;
 - vi) Submit all documents and reports procured for the project to the MEC together with a project close out report specifying the reason(s) for termination of the project; and
 - vii) Submit a final account for all professional services costs incurred in the preparation of the feasibility study to the MEC.
- l) To complete a feasibility study and submit a report to an MEC; which will confirm compliance or non-compliance with all technical and/or financial limits set by the MEC as conditions to approved subsidies for a project;
- m) To review with the MEC any reasons presented in the feasibility report for non-compliance with any conditions set by an MEC. If appropriate technical or financial adjustments cannot be made within the limits set by the MEC, take the following actions where the MEC (step 9 in Figure 1) issues a termination notice:
 - i) Terminate the land acquisition agreement;
 - ii) Terminate any contracts for professional services relating to the project;
 - iii) Submit all documents and reports procured for the project to the MEC together with a project close out report specifying the reason(s) for termination of the project; and
 - iv) Submit a final account for all costs incurred for professional services in the preparation of the feasibility study to the MEC.

- n) To indicate (step 12 in [Figure 1](#)) the intended selection of the contract strategy, or combination of strategies, for the project and conclude a project agreement with a MEC and a memorandum of understanding with the MEC and other project stakeholders.

It must be noted that land belonging to the national and provincial government and/or the municipality that is proposed for housing development will not be subject to the public call for land proposals and the next step in the development process must be pursued.

2.2.2 CHOOSING AN APPROPRIATE CONTRACTING STRATEGY

The developer identifies an appropriate contracting strategy for the project. The options available are as follows:

- a) Through the **turnkey contracting strategy**, a turnkey contractor is appointed by the developer through a public tender to do all work related to the successful completion of the project. This includes inter alia the planning of the approved land, the township establishment process, the design and installation of internal reticulation services to the construction of houses. The developer has a contract with only the successful tenderer and no separate contracts with any of the other participants in the development process. The successful tenderer is at risk for any financial overruns, which are not provided for in the contract and concludes agreements in own right with all the required providers of housing goods and services.
- b) Under the **traditional pre-planned contracting strategy**, professional and contracting services may be provided in-house or may be procured through public tenders. In this strategy, the developer is at risk for any financial overruns that are not provided for in the contract. They do, however, have the flexibility, to appoint and brief professionals and to manage the process of development in a hands-on manner. Contractors undertake construction by and large on the basis of comprehensive designs issued by the developer. The developer may apply the turnkey strategy within this strategy and, for instance award, through a tendering process, development rights in respect of defined pockets of stands.
- c) An alternative option is the **development contract**, through which community contractors are contracted through public tenders. This contracting strategy permits the community to participate in the development to the extent that they are able to do so. The materials and construction managers are required to manage the developer's risk associated with

construction. Two distinct types of contractors may participate in approved projects, depending on the contracting strategy selected, being:

- i) **Turnkey Contractor:** A turnkey contractor is a legally, financially and technically competent entity that undertakes a project or sub-project by concluding a turnkey contract with a developer. The turnkey contractor is responsible for township establishment planning, the installation of township engineering services and construction of houses as well as beneficiary and subsidy administration.
- ii) **Contractor:** A contractor is a legally, financially and technically competent entity that undertakes the installation of township services and/ or the construction of houses or a portion thereof by concluding a contract for this purpose with a developer.

The different contracting strategies may be used for the whole of an approved project, or may be used in combination for different parts of a project and/ or could comprise a variety of strategies which respond to the needs and capacity of the target community/ area.

The following documents and agreements should be prepared, submitted or concluded by an applicant and developer in the process of application and approval of a project.

Table 1: Documentation and Information Required for Project Application

STATUS	DOCUMENTATION AND INFORMATION REQUIRED
<p>Submitted by a municipality in figure 1 step 2 to an MEC</p>	<p>A. A MOTIVATION FOR THE RESERVATION OF SUBSIDIES</p> <p>A motivation for reservation of funds for projects under the programme in terms of Municipal Housing Chapter of an IDP. The motivation should include the following:</p> <ul style="list-style-type: none"> • The numerical extent of housing need in the municipal area; • The profile of households making up the entire housing need, indicating the number of households qualifying as potential beneficiaries under the Housing Subsidy Scheme and others not qualifying but in need of residential stands as well as other land uses; • The number of potential beneficiaries; • The municipal multi-year housing plan indicating numerical delivery and funding targets, with identification of municipal and other sources of funding for the plan; • A description of participation processes followed to establish the municipal housing plan and the identification of community structures and community-based partners active in the municipality that will be affected by the proposed project; and • A map indicating the spatial development plan of the municipality indicating areas prioritised for IRDP project development.
<p>Submitted by an applicant in figure 1 step 6 to an MEC</p>	<p>B. A PROJECT PLAN</p> <p>Being a document compiled by a municipality in response to a call for land to be made available for an IRDP project. The description will motivate a project to be established on a piece of land. The description will include the following components:</p> <p>(i) A motivation</p> <p>The motivation will indicate:</p> <ul style="list-style-type: none"> • the location of the land with a locality sketch; • the target beneficiary community and the proposed number of subsidies in terms of the municipality’s housing plan and budget set out in its approved IDP; and • explicit motivation of the following criteria: <ul style="list-style-type: none"> - inclusiveness of the social compact, where applicable - housing needs - location - holistic development

STATUS	DOCUMENTATION AND INFORMATION REQUIRED
	<ul style="list-style-type: none"> - sustainability - potential for job creation – permanent and temporarily - affordability - stakeholders - environmental impact - gearing potential - choice of township design and housing options - socio-economic multiplier <p>(ii) Land information:</p> <ul style="list-style-type: none"> • land description; • conclusions drawn from the preliminary phase of the geotechnical investigation on the suitability of the land for NHBRC enrolment of the project and houses; • identification of holders of mineral and mining rights; • List and nature of restrictive conditions of title, servitudes, land claims or historical monument status registered against the property; • an environmental pre-feasibility scan; • a land acquisition agreement; and • the offered selling price for the land. <p>(iii) Project information:</p> <ul style="list-style-type: none"> • An undertaking by the municipality for the supply and installation of all bulk and connector services at its costs or with funds not derived from a housing subsidy allocation; Subsidy funding as last resort; • An undertaking by the municipality to take over the installed infrastructure on completion; • An estimate of the number of subsidies and other residential/ stands and land uses that may be provided on the land, taking into account the land information available in (ii) above; and • An estimate of the number of subsidies and including an estimate of the number of indigent households. <p>The information in the project description will be sufficient to enable an MEC to evaluate it for purposes of conditional subsidy approval, and to determine a subsidy variation formula for the project in <u>terms of Figure 1 step 7.</u></p>

STATUS	DOCUMENTATION AND INFORMATION REQUIRED
<p>Commissioned by the applicant and developer as indicated in figure 1 Step 6</p>	<p>(iv) A geotechnical investigation</p> <p>A geotechnical site investigation is conducted in three phases, in accordance with the generic specification, namely:</p> <p>Preliminary investigation, commissioned by the applicant in step 6, comprising the gathering of all known information relating to geotechnical conditions of the land and the interpretation of this information leading to a preliminary determination of the suitability of the land project-based development.</p> <p>Phase 1 investigation, commissioned by the developer in step 10, comprising a stability investigation, if underlain by dolomites or undermined ground, or in undulating terrain where there is a potential for slope instability, and an investigation into the foundation characteristics of the near surface horizons in accordance with the NHBRC requirements for the enrolment of a project in the Warranty Scheme under the provisions of the Housing Consumer Protection Measures Act, 1998 (Act No. 95 of 1998) and the Joint Structural Division of the South African Institution of Civil Engineering and Institute of Structural Engineers' code of practice for foundations and superstructures for residential buildings.</p> <p>Phase 2 investigation, commissioned by the turnkey contractor or developer in step 7 under a turnkey and traditional pre-planned contract strategy (Figures 2 and 3) and in step 7 under a development contract (Figure 4), comprising observations, and in some instances, additional investigations, after the township has been pegged, to confirm the site class designations of individual erven in accordance with the NHBRC requirements for the enrolment of top structures in the Warranty Scheme under the provisions of the Housing Consumer Protection Measures Act, 1998 (Act No. 95 of 1998) and the Joint Structural Division of the South African Institution of Civil Engineering and Institute of Structural Engineers' code of practice for foundations and superstructures for residential buildings.</p>
	<p>C. AN ENVIRONMENTAL IMPACT ASSESSMENT</p>
<p>Commissioned by the applicant and developer as indicated</p>	<p>An environmental impact assessment as required in terms of the Environment Conservation Act of 1989 (Act No. 73 of 1989) will be conducted on all land offered for development in response to a land availability call from a municipality. It may be conducted in one or two stages, and the first stage report will be compiled as a minimum requirement. The two stages are:</p> <p>(i) A pre-feasibility scan of identified risks and potential flaws, commissioned by an applicant in <u>Figure 1 step 6</u>.</p>

STATUS	DOCUMENTATION AND INFORMATION REQUIRED
	<p>(ii) Detailed environmental studies, commissioned by a developer in <u>Figure 1</u> step 11, which could comprise detailed scoping, including mini-risk, or comprehensive environmental impact assessment.</p> <p>The second stage will be conducted to the extent directed by the report in the first stage.</p>
<p>Concluded by an applicant in figure 1 step 6</p>	<p>D. A LAND ACQUISITION AGREEMENT</p>
	<p>A land acquisition agreement concluded between a land owner and applicant to secure land for the purpose of an IRDP project development. The agreement will be a land availability agreement, where the seller is a public entity. The agreement will be in the form of an option to purchase where the seller is a private individual or private entity.</p>
<p>Completed by a developer in figure 1 step 6</p>	<p>E. A FEASIBILITY STUDY</p>
	<p>A feasibility study will include:</p> <ul style="list-style-type: none"> • a phase 1 geotechnical investigation; • any detailed environmental studies recommended in the pre-feasibility environmental scan in the project description; • a preliminary project development programme indicating anticipated start and completion dates for the project; • confirmation of the status of a land acquisition agreement and a municipality's undertakings to supply and install bulk and connector services and take over installed infrastructure on completion; <ul style="list-style-type: none"> - explicit motivation of the following criteria in terms of the following: <ul style="list-style-type: none"> - norms and standards - planning and design - technical feasibility - value for money - the developer • any other matter not fully addressed in the project description that has a bearing on the technical or financial risks of a project, including a preliminary town planning layout in areas of extreme topography; • a project affordability assessment of the project in terms of the application of an IRDP project development, which confirms that the services can be installed in the project

STATUS	DOCUMENTATION AND INFORMATION REQUIRED
	<p>within the funding available for services, and that the total project can be completed within the available funding including any variations, if applicable; and</p> <ul style="list-style-type: none"> • the risk will be captured in a report that will be used by the NHBRC for technical evaluations for the purposes of project enrolment under the NHBRC Warranty Scheme. The report will also be used by the MEC for the purpose of confirming subsidies.
	<p>F. A SOCIAL COMPACT</p>
<p>Completed as required by a developer and submitted to an MEC in figure 1 step 12</p>	<p>A copy of the social compact, where required, agreed between a Community Based Partner (CBP) representing the interests of the beneficiary community, the developer (where not the CBP) and other stakeholders in the project proposal which must set out</p> <ul style="list-style-type: none"> • the housing needs of the relevant community; • a housing project that will meet the housing needs of an identified target market with particular reference to:- <ul style="list-style-type: none"> - an appropriate location/site, and the number of residential properties that will be contained in the project; - the planning of the area and the type of residential properties that will be offered (out of the range of properties identified); - the full cost to the beneficiary of acquiring the residential property offered; - the level of services to be provided; and - specifications of houses to be constructed. <p>i. The parties to the agreement and social compact shall endeavour to obtain the consent and co-operation of all the stakeholders. If, in exceptional circumstances, the consent and co-operation of any particular stakeholder cannot be obtained, the Project Applicant shall submit a document indicating:</p> <ul style="list-style-type: none"> • the steps that have been taken to endeavour to obtain the consent and co-operation of the non-participating stakeholder; and • recording any objections made by such non-participating stakeholder and motivating the ground upon which the applicant believes that the interests of any particular stakeholder or party could or should be ignored or taken into consideration in some specific manner and the basis upon which the applicant believes that it will be possible to implement the project successfully, irrespective of the fact that any particular non-participating stakeholder refuses and/or has neglected to co-operate and/or any other relevant information pertaining to the application and the non-participation of the non-participating stakeholder.

2.2.3 SUGGESTED FUNCTIONS OF AN MEC IN ASSESSING AND APPROVING PROJECT APPLICATIONS

The recommended steps and associated actions and comprehensive descriptions of the process of securing land for approved developments are represented in [Figure 1](#) and consist of the following:

- a) In step 1, an MEC should apportion funds received from the annual Conditional Grant allocation from the Minister between the different subsidy types/National Housing Programmes in terms of provincial housing profiles of need and the strategic multi-year plan and should request municipalities to apply for reservation of funds for IRDP project developments including in such request the information;
- b) In step 3, the MEC should review municipal applications for reservation of housing funds and should reserve funds per municipality and notify municipalities in writing;
- c) In step 3, the MEC should assign a project reservation number to funds reserved per municipality and may provide for costs of project descriptions to be paid against this reservation in terms of financial directives;
- d) An MEC may accept applications for reservation of subsidies to be submitted by municipalities in a period with publicly specified dates. Applications submitted by such closing dates may be evaluated on a comparative basis;
- e) An MEC should request municipalities with reserved funds to make an open call for land to be made available in line with the approved municipal IDP to take up reserved subsidies and to prepare and submit project descriptions for selected prioritised land where required;
- f) In step 7, upon receipt of any project description, an MEC through the PD should register the project and acknowledge receipt. If a project description lacks the necessary information, it will be referred back to the Applicant for completion;
- g) In step 7, the MEC should assess the project description. If the application is approved, the MEC should, determine specific terms and conditions applicable to the approval;
- h) If the project is approved, the MEC through the PD should register that approval, assign a unique project number to each approved project and determine a subsidy variation formula for the project. No projects should be

approved unless funds are allocated to the project and the MEC may open financial records for each project and make provision for accounting of costs for a project description and payment of costs incurred for a feasibility study;

- i) The MEC, acting through the PD, should inform the applicant and the NHBRC in writing, set out the conditions attached to the approval and request the applicant to conduct a feasibility study;
- j) If the project description is not approved, in step 7, the MEC is obliged to provide full reasons and the applicant will have the right to resubmit. Where a project is terminated an MEC should issue a termination notice to an applicant instructing the applicant to terminate any agreements and contracts and take the necessary actions. The MEC shall make final payments of approved costs;
- k) In step 8, the MEC should review any reasons given by the NHBRC for declining project enrolment under the warranty scheme and advise the developer on possible remedial action to be considered;
- l) Where a feasibility report confirms non-compliance of the project application with development principles or the NHBRC requirements, after due consideration an MEC may issue a termination notice to an applicant instructing the applicant to terminate any agreements and contracts. The MEC should make final payments of approved costs; and
- m) Where a feasibility report confirms compliance with conditions of approval set by an MEC in step 7 and where a NHBRC project enrolment certificate is issued in Step 10, the MEC should confirm the project funds, including any variations, should conclude a project agreement with the developer substantially in accordance with the form of the pro forma agreement, and enter into a memorandum of understanding with relevant parties.

2.2.4 MEC APPLIES THE SUBSIDY VARIATION FORMULA

The provisions of the Manual for the Variation of the Housing Subsidy Scheme Quantum found in the Technical and General Guidelines will apply to Integrated Residential Development Programme subsidy housing.

In terms of the process for securing land as presented in [Figure 1](#) of this Chapter, the MEC is obliged to determine a variation formula for the project at the time that conditional approval of subsidies is granted. The broad formulation of the subsidies by the MEC at this stage allows the developer and MEC to assess the feasibility of the project and to assess the impact of the proposed

subsidies on the feasibility and viability of the project. It also allows the NHBRC, upon enrolment to comment on the adequacy of the subsidy quantum with respect to the provision of foundations and the like in order to satisfy their technical requirements. The MEC has an opportunity to revise the subsidy variations, following the preparation of the feasibility report by the developer and the review by the NHBRC, when the subsidy is confirmed and the project agreement with the developer is entered into.

At the time that the project agreement between the MEC and developer is concluded, the total quantum of the variation for the project will be known with a reasonable high degree of certainty. However, adjustments in respect of individual serviced sites / housing units may be necessary to reflect actual conditions and circumstances encountered during the construction stage. It is accordingly imperative that these variations be formulated in a manner than can be incorporated into contracts.

2.2.5 HOW AN MEC ASSESSES THE PROJECT APPLICATION

An MEC should assess the project application on the basis of the confirmed need as indicated in the IDP and needs surveys as well as the eligibility criteria set out in the Technical and General Guidelines, and the criteria set out in section B - The Project Description and section C - The Feasibility Study of this programme, and any other requirements that may be identified by the MEC.

A. CONFORMITY WITH THE BASIC POINTS OF DEPARTURE

All projects should conform to the following:

- a) Economically, fiscally, socially, financially and environmentally sustainable;
- b) Effectively balances the need for increased housing delivery so as to achieve short-term impact and the requirement that approaches adopted must be broadly supported and capable of being sustained in at least the medium term;
- c) Recognises and reinforces the wider economic impact and benefits derived from effective and adequate housing provision in the domestic economy, whilst stimulating the effective functioning of a sustainable housing market with vigorous and open competition between suppliers of goods and services;
- d) Maximises social and economic benefits to the local community;
- e) Ensures security of tenure and provides for the widest feasible range of tenure options, whether individually or collectively;

- f) Maximises the freedom of the individual to exercise choice in the satisfaction of his/her housing needs, providing access for all people to as many housing options and opportunities as is reasonably possible;
- g) Facilitates co-ordination between various sectors so as to minimise conflict over demands on scarce resources, and creates an environment in which all role-players meet their respective obligations;
- h) Generates broad based support and involvement on the part of all key actors in order to maximise the mobilisation of resources;
- i) Promotes the establishment and development of socially and economically viable communities, with particular focus on members of historically and other disadvantaged communities. In particular, however, the most critical need is to ensure, through State intervention, affordable access for the poor to a minimum acceptable standard of housing and necessary services, within the context of both fiscal and other resource constraints;
- j) Upholds the principles of vertical and horizontal equity in respect of the subsidisation of end-users. This implies that only people in real need of subsidisation should benefit (vertical equity) while comparable value must be received by beneficiaries with the same eligibility profiles (horizontal equity);
- k) Maximises the involvement of the community and leads to transfer of skills to and empowerment of the community to ensure higher levels of appropriateness and acceptability of such projects as well as the development of skills and capacities within these communities to pursue other development objectives;
- l) Promotes the process of social, economic and physical integration in urban and rural areas;
- m) Ensures that housing is dealt with on a basis which is non-sexist, not discriminatory in terms of religious conviction or race, and non party political:
 - i) Establishes and ensures equity, transparency and accountability by the public sector in its administration of housing. It is imperative that the housing sector is led and supported by a single national policy and administration which is accountable in a tangible, measurable manner, to achieve broadly based targets which are properly quantified, through the applicable governmental structures at national, provincial and local sphere;

- ii) Leads to effective State intervention and maximises sustained non-state involvement in housing provision; and
- iii) Deals sensitively and responsibly with the impact of housing development upon the environment.

B. THE PROJECT DESCRIPTION

An MEC should assess a project description under the three components set out in Table 1: (A) and (B), being (i) a motivation, (ii) land information and (iii) project information. Under the motivation an MEC will review the criteria below in terms of the content of each as indicated:

- a) **Inclusiveness of social compact where applicable:** The degree to which all relevant stakeholders are included in the social compact underlying the project proposal and the significance and possible impact on the project of the exclusion of any stakeholder;
- b) **Housing needs:** The extent to which the project satisfies the housing needs of an identified and defined target market and the relative urgency of such needs;
- c) **Location:** The extent to which the location of the project satisfies the requirements set out in this Chapter;
- d) **Holistic development:** The extent to which the project promotes holistic development and provides for the variety of community needs in a balanced and integrated manner. Preference should be given to projects that will include social and business facilities;
- e) **Community self-management:** The extent to which the project caters for the need for capacity building within the beneficiary community. This must be done through deliberate measures to facilitate the acquisition of skills and knowledge to enable it to take responsibility for developmental issues, the preservation and maintenance of fixed community assets and the management, in general, of its own interest and destiny on a sustainable basis;
- f) **Sustainability:** The degree to which the project promotes the sustained physical and social development and vitality of the beneficiary community, with particular reference to the nature and scope of amenities, facilities and opportunities provided by the project, both directly and indirectly. Particular attention must be paid to education, health, social welfare, employment, shopping, sport and recreation;

- g) **Employment potential:** The extent to which the project contributes, both directly and indirectly, to the gainful employment of members of the beneficiary community through the use of emerging local small building contractors and labour intensive building methods;
- h) **Affordability:** The extent to which the beneficiary community and its members will be able to afford the costs of property, ongoing maintenance and related services and facilities, including both capital and running costs, provided as part of the project;
- i) **Municipal capacity:** The capacity of the municipality to deliver and perform effectively and productively;
- j) **Stakeholders:** The extent to which stakeholders support the project and the extent to which they have agreed to cooperate in its implementation;
- k) **Compatibility and environmental impact:** The extent to which the project is integrated and compatible with surrounding development in a manner that impacts positively on the natural and built up surroundings;
- l) **Accountability and gearing of public resources (if available):** The extent to which the project employs state financial support in the most economic, effective and efficient manner possible, by providing value for money, and the degree to which the highest possible gearing of state funds is achieved through non-state investment in the project;
- m) **Choice:** The extent to which a project affords beneficiaries a choice in satisfying their housing needs; and
- n) **Socio-economic multiplier effect (if available):** The contribution that approaches adopted in the project will make towards optimising the longer term social and economic benefits of the project to the beneficiary community.

C. THE FEASIBILITY STUDY

An MEC should assess a feasibility study report in terms of the content set out in [Table 1: \(e\)](#) – The Feasibility Study. Under the motivation an MEC will review the criteria below in terms of the content of each as indicated:

- a) **Norms and standards:** The extent to which the project meets both national “Norms and Standards” in respect of engineering services and the permanent residential structure, contained in Technical and General Guidelines to Housing Programmes, as well as minimum norms and standards regarding health and safety;

- b) **Planning and design:** The extent to which innovative and well considered planning and design contribute to a wholesome living environment that will instil pride and a sense of belonging amongst prospective residents. Specific attention will be given to the nature, extent and level of involvement of prospective beneficiaries that was achieved in the planning process;
- c) **Technical feasibility:** The extent to which construction methods employed in the project are effective, viable and practicable in relation to physical, climatological, geotechnical and topographical characteristics of the project site;
- d) **Replicability:** The extent to which methods employed are replicable, thereby contributing to a comprehensive and sustainable housing delivery process;
- e) **Value for money:** The value for money to be received by beneficiaries in terms of the pricing of the housing products; and
- f) **The developer:** The capacity of the developer, whether it has sufficient access to financial resources and technical and management competence to implement the project successfully.

**2.2.6 DIAGRAMMATIC REPRESENTATION OF VARIOUS CONTRACTING STRATEGIES FOR PHASE 1
(SEE FOLLOWING FIGURES)**

FIGURE 2: PHASE 1 - TURNKEY CONTRACTING STRATEGY

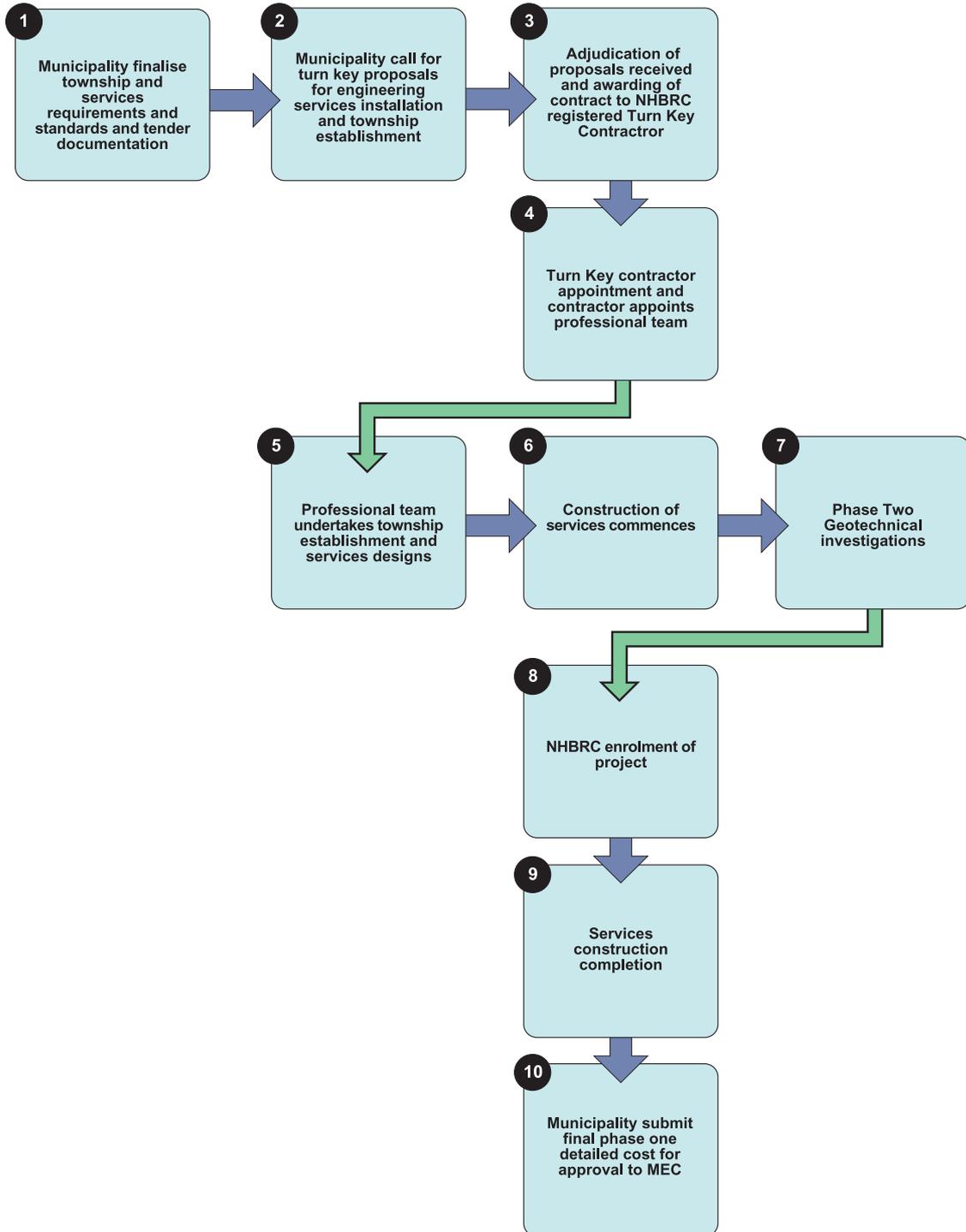


FIGURE 3: PHASE 1 - TRADITIONAL PRE-PLANNED CONTRACTING STRATEGY

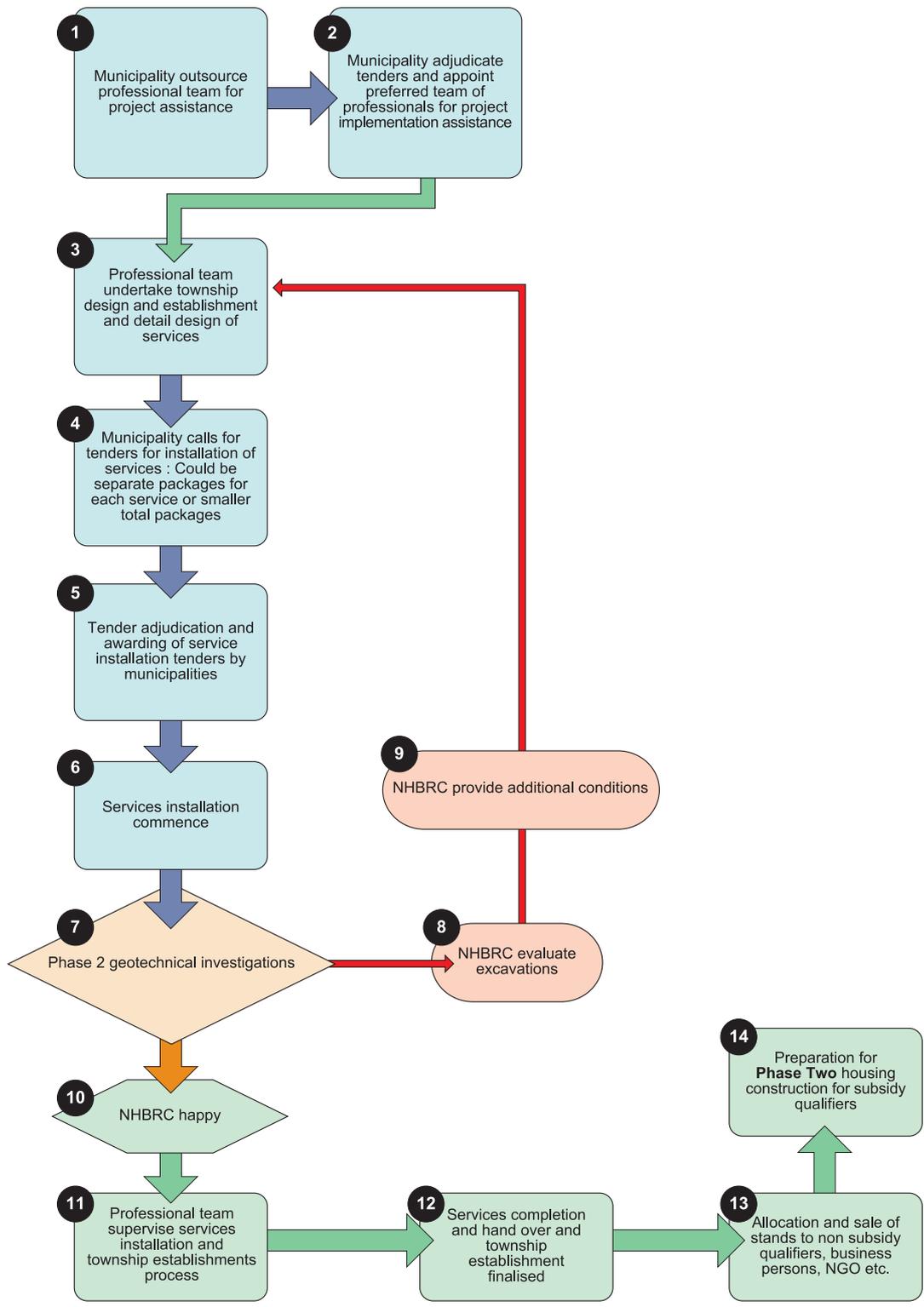
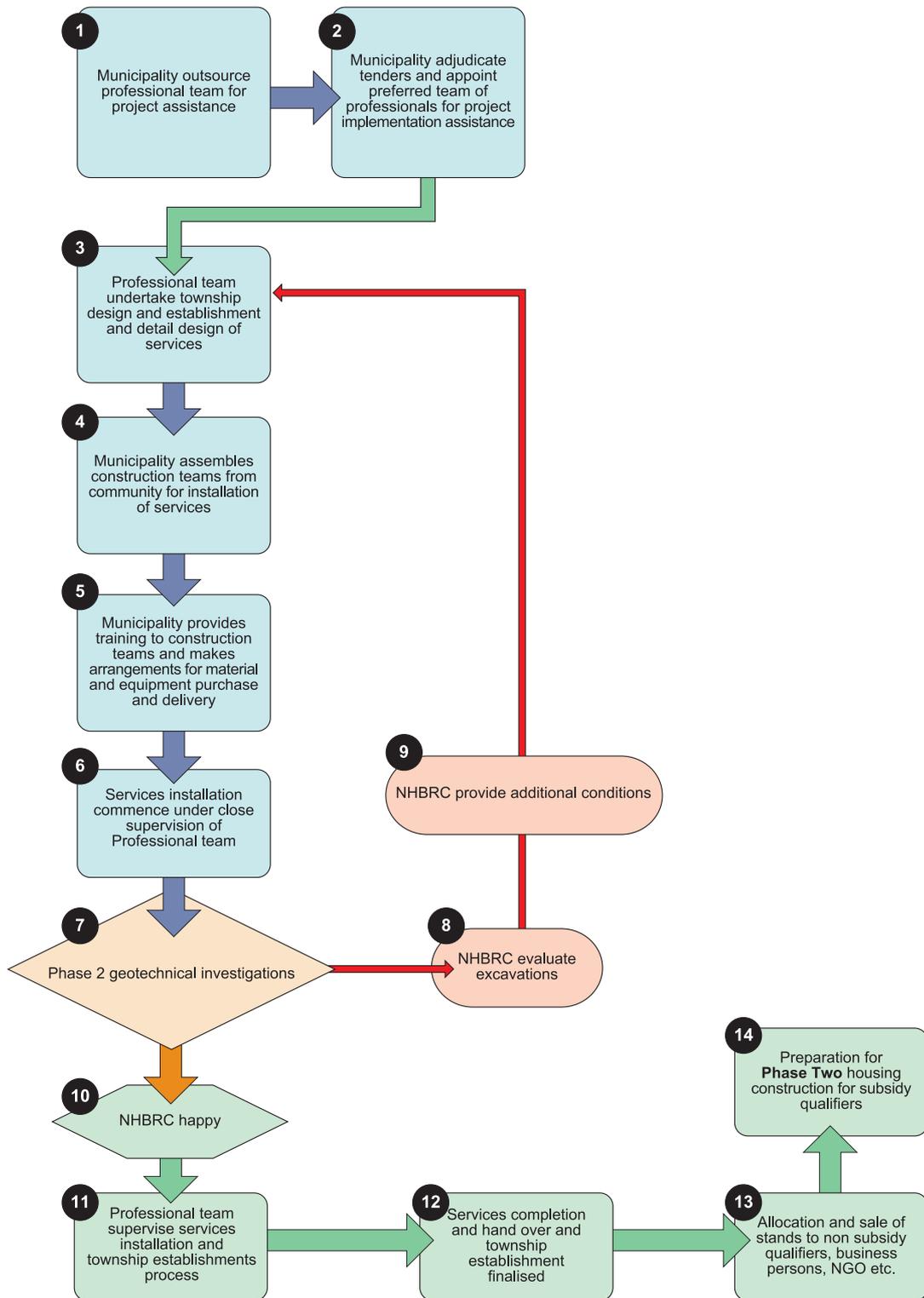


FIGURE 4: PHASE 1 - DEVELOPMENT CONTRACTING STRATEGY



2.3 PHASE 2: CONSTRUCTION OF SUBSIDISED HOUSING AND DISPOSAL OF OTHER STANDS

Once the project agreement has been entered into between the MEC and the developer, the developer and the land owner must conclude the land acquisition agreement substantially as determined in Table 1 (D) - a Land Acquisition Agreement. In the case of purchase from a private land owner, the developer may exercise the option to purchase the land. In the case of purchase from a public entity the developer may confirm its intention to proceed with development in terms of the land availability agreement. The developer may then commence with the implementation of the project on the basis of the agreed progress payment structure.

2.3.1 SUGGESTED SALE AGREEMENT

The developer or its agent may sell all the residential properties in the development within a suggested time period as may be agreed with the MEC, in terms of the project agreement and a written sale agreement complying with the provisions of any relevant laws.

In respect of beneficiaries that qualify for housing subsidies and who will receive assistance for construction of houses under this programme, the sale agreement should be conditional upon the suspensive condition of the MEC accepting and granting the beneficiary a subsidy and agreeing to pay the developer in respect of the beneficiary the subsidy in an agreed amount, and in addition that the beneficiary pay the required own contribution as stipulated, where applicable.

With regard to the identification of the subsidy, beneficiaries should be identified before the design and approval of the housing construction phase takes place. It is recommended that beneficiaries are involved from the design and planning phases through to the completion of the houses.

2.3.2 DETERMINING THE SELLING PRICES OF THE VARIOUS STANDS

This section deals with the determination of the selling price of the various categories of stands in the project.

Properties assigned to beneficiaries who qualify for subsidy assistance

Those households who qualify are described in [Section 2.3 of Part A](#) of this document. The selling prices of stands earmarked for beneficiaries who will receive contractor built houses, should be determined on the basis of the per stand infrastructure cost, where the municipal engineering services were financed from the housing allocation received by provinces less the land acquisition cost. The allocation and sale of the stands created under the programme will be

directed by the nature of the stands and the profile of the beneficiaries. The principle of “the stand input cost” is also introduced. This per stand input cost comprises:

- a) The land acquisition cost;
- b) The cost of providing the basic municipal engineering services where such were funded from the housing allocation;
- c) The cost related to the township establishment process; and
- d) Any transfer costs applicable.

Where the property is financed entirely through the subsidy amount, the developer may agree with the beneficiary that the legal costs pertaining to the transaction, which includes the transfer fees, be paid out of the subsidy amount. The amount of the legal costs should be stated clearly in the written agreement.

Properties assigned to single persons without financial dependents earning less than the provisions of the programme funding schedule as annually approved by MINMEC

These properties should be sold at a price equal to the input cost per stand. However, such persons should not be required to pay the selling price as determined above. The person should be recorded as having received a serviced stand at the input cost value on the NHSDB. The person may later decide to apply for a housing construction subsidy when his/her status has changed to the effect that such a person satisfies the general qualification criteria such as persons with financial dependants or married persons etc.

Properties assigned to households earning up to the provisions of the programme funding schedule as annually approved by MINMEC who previously benefited from housing assistance

This category is for people who have previously benefited from housing assistance. The selling price at which the developer will sell such properties should be equal to the input cost of the creation of the relevant residential stands. Such a person should pay the full purchase price of the stand on the date of conclusion of the sale agreement with the developer.

Persons who do not comply with the qualification criteria

This category includes households earning in excess of the provisions of the programme funding schedule as annually approved by the Director General, annually. The selling price should be equal to a fair market value, which may not

be less than the input costs per stand. The MEC/Municipal council should determine the market value of the stands on the basis of the average of two professional valuations by independent suitably qualified persons.

Serviced non-residential stands

These include:

- a) Institutional stands and stands earmarked for disposal to not for profit organisations will be sold at a price equal to the per stand input cost; and
- b) Business and commercial stands will be sold at a price equal to the fair market value determined through an open tendering process but may not be less than the per stand input cost.

2.3.3 INCOME GENERATED THROUGH THE SALE OF STANDS

Any income generated by the developer through the sale of the stands, created during Phase 1, must be deposited in an account and be reserved for the financing of housing development for the benefit of the Government's National Housing Programme target group, thus persons earning R7 000,00 per month and less. These funds must only be utilised in terms of the provisions of any of the National Housing Programmes. PDs and municipalities, as the case may be, must ensure that any income received from the sale of the stands that are deposited in a central income account prescribed by Treasury directives, are reserved for housing purposes only and that it can access such funds at any given time.

2.3.4 APPLICATION FORMS TO BE COMPLETED BY BENEFICIARIES

Qualifying beneficiaries

Coinciding with the sale of the property to a qualifying housing subsidy scheme beneficiary applying for a non-Credit Linked Housing Subsidy, the developer or its agent must ensure that such beneficiary completes and signs the application form for the grant of an IRDP individual subsidy to that person.

The identification of beneficiaries that will receive housing construction subsidies must be undertaken before the design and housing construction planning phase commences. It is not required to sell the stands and transfer the properties to the beneficiaries before the housing construction phase commences.

However, the allocation of the stands and the submission of application forms for housing subsidies and applications to buy the stands should be undertaken and finalised before the approval of the housing construction project phase.

The official transfer of the stands to the beneficiaries could be undertaken after the approval of the subsidy applications and purchase applications, or as soon as possible after the completion of the houses.

Submission of application

The developer will be required to submit, in respect of each qualifying beneficiary to whom it sells any residential property in a project, the application form, to the relevant MEC. That application shall be accompanied by all documentation set out in the application form, including an agreement of sale concluded by the qualifying beneficiary (“the applicant”) in respect of a residential property. An example of a generic application form is attached at the end of this section.

The PD

On receipt of any application the PD should:

- a) Within 7 (seven) days acknowledge receipt thereof in writing;
- b) Thereafter the PD shall verify the legitimacy of the applicants identity number and ascertain whether the applicant’s name and/or identity number and/or those of his or her spouse appear on the National Housing Data Base (“the data base”) and if any of them do, forthwith advise the developer accordingly;
- c) Ascertain by means of a deeds search of all the deeds offices, whether any immovable property is or was registered in the name of the applicant and/or his or her spouse, and if any property is in fact or was registered in the name of the applicant and/or his spouse, forthwith advise the applicant accordingly, in which case the application shall be deemed to have been rejected; and
- d) If the application is procedurally correct, forthwith submit the application for consideration to the MEC.

The MEC and/or Municipal Council

In respect of stands earmarked for Housing Subsidy qualifying beneficiaries the MEC shall consider that application and advise the developer and/or individual of its decision within 21 (twenty one) days after acknowledgement of receipt of the application form.

If an application is rejected the MEC should, *via* the PD, give reasons in writing.

In respect of stands earmarked for other persons, the municipal council will consider and approve applications on the same basis described above.

National Housing Subsidy Data Base (NHSDB)

If an application is approved, the PD shall record the name and identity number of the applicant and his or her spouse plus dependants (if any) on the NHSDB.

In cases where the municipal council approved applications to purchase residential stands, the municipality must provide all the required details of such approved application to the PD.

The PD shall record the names and identify numbers of purchasers plus dependants, as well as stand numbers on the NHSDB.

Upon approval by the MEC of the application and the developer having been advised accordingly, the developer must proceed to:

- a) Transfer the property to the beneficiary; and
- b) Complete the housing product in accordance with the subsidy agreement on the relevant property.

2.3.5 DIAGRAMATIC REPRESENTATION OF VARIOUS STRATEGIES FOR PHASE 2

(SEE FOLLOWING FIGURES)

FIGURE 5: PHASE 2 - TURNKEY CONTRACTING STRATEGY

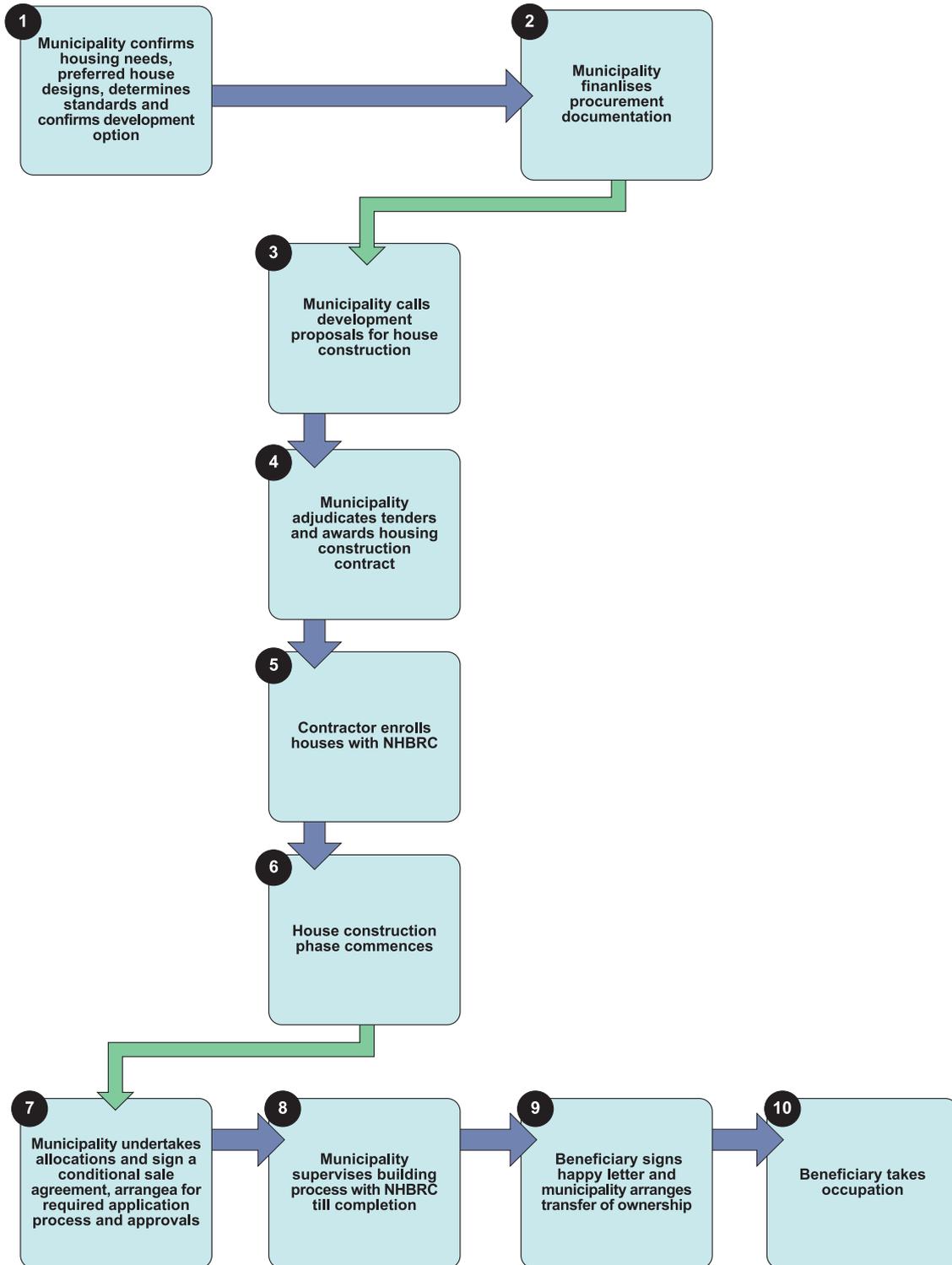


FIGURE 6: PHASE 2 - TRADITIONAL PRE-PLANNED CONTRACTING STRATEGY

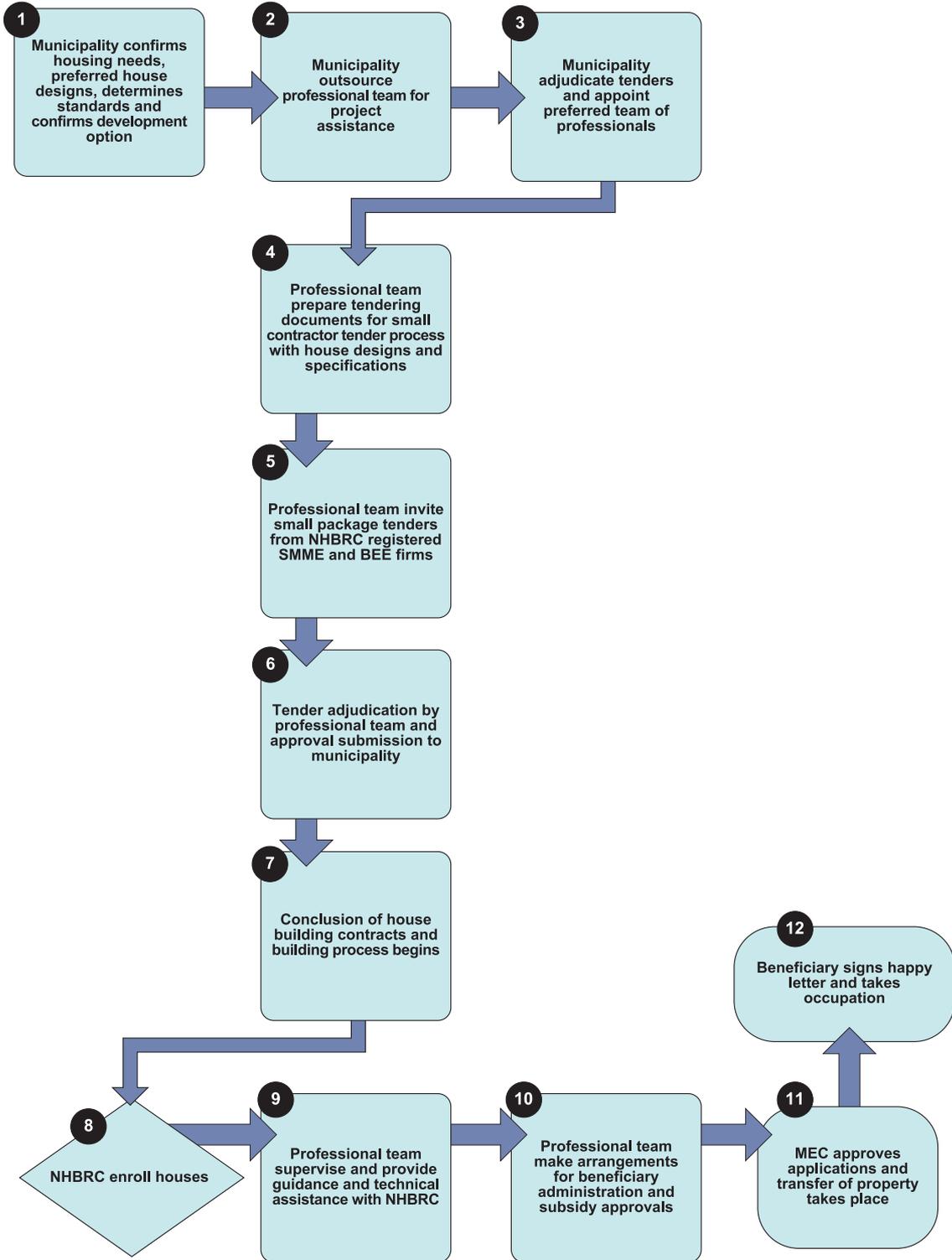
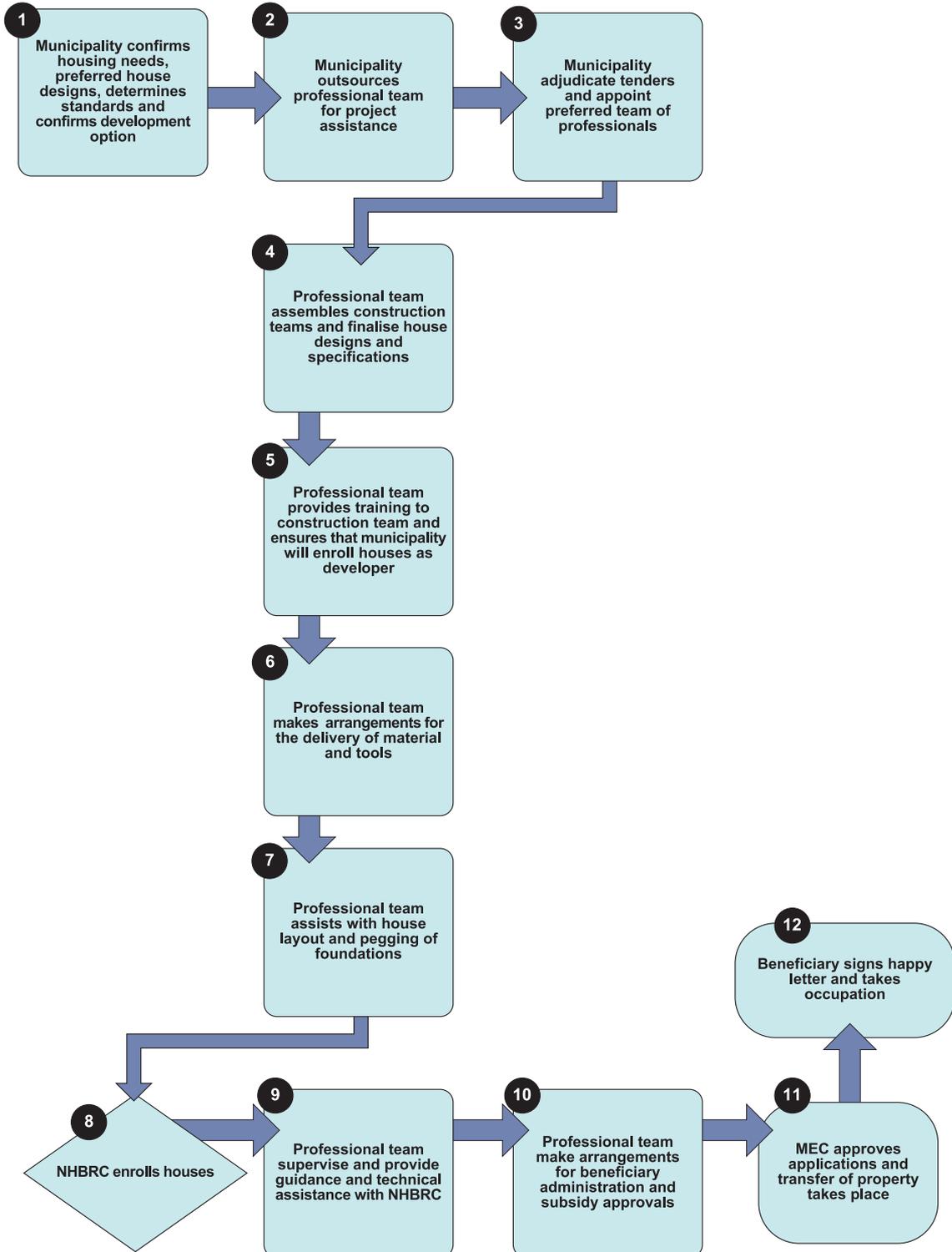


FIGURE 7: PHASE 2 - DEVELOPMENT CONTRACTING STRATEGY



GENERIC APPLICATION FORM

INDIVIDUAL REGISTRATION NUMBER		INDIVIDUAL PD RESOLUTION NUMBER	
APPLICATION FOR A SUBSIDY			
PROJECT UNDERTAKEN BY CONTRACTOR/DEVELOPER*			
PROJECT UNDERTAKEN THROUGH ENHANCED PEOPLE'S HOUSING PROCESS*			
NON-PROJECT (INDIVIDUAL) *			
CONSOLIDATION*			
INSTITUTIONAL*			
<p>PEOPLE'S HOUSING PROCESS* Indicate beneficiaries:</p> <p>a) Non owners (occupants)* <input type="checkbox"/></p> <p>b) Occupants* <input type="checkbox"/></p> <p>c) Landless people* <input type="checkbox"/></p>			
PROVIDE PROJECT DETAILS (TO BE COMPLETED BY DEVELOPER/SUPPORT ORGANISATION)			
Project Application Registration Number		Project Application PD Resolution Number	
Project Description			
Name of Developer / Support organisation (SO)			
<p>THE APPLICATION IS HEREBY RETURNED AS THE FOLLOWING ADDITIONAL INFORMATION IS REQUIRED:</p> <p>1.</p> <p>2.</p> <p>3.</p>			
<p>IN CASE OF INCOMPLETE INFORMATION - CONTACT: (To be completed by Applicant)</p> <p>NAME:</p> <p>POSTAL ADDRESS:</p> <p>TELEPHONE NUMBER:</p>			

In the application form PD means Provincial Department



For office use only

* Tick () whichever is applicable.

TABLE 1	
THE FOLLOWING DOCUMENTS MUST BE ATTACHED AND WERE FOUND TO BE PRESENT	OFFICIAL USE T
Certified copy of Marriage Certificate, if applicable	
Certified copy of R.S.A. Bar Coded Identity Document (Self and Spouse)	
Certified copies of birth certificates, bearing the thirteen digit identity number for children who do not have bar coded identity documents	
Certified copies of bar coded identity documents of all persons who are claimed as part of the household	
Certified copies of a court order or order issued by the Commissioner of Child Welfare to prove guardianship for foster children, where relevant	
Certified copy of divorce settlement [to prove custody of children], where relevant	
An affidavit for unions not solemnized in terms of SA Civil Law, accompanied by sworn statements to prove the authenticity of the spouse and relationship to the applicants, where applicable	
Certified copy of Divorce Settlement, if applicable	
Certified copy of Spouse's Death Certificate, if applicable	
Proof of Disability (Appendix 1), if applicable	
Proof of loan granted by lender, where applicable	
Certified copy of Agreement of Sale, if applicable	
Certified copy of Building Contract and Approved Building Plan, if applicable	
Certified copy of Sale of Land and House Building Support Agreement i.r.o People's Housing Process (PHP), if applicable	
Certified copy of Proof of Monthly Income	
Certified copy of Permanent Residence Permit (Bar coded permit), if applicable	

TABLE 2 (For official use only)				
	PROCESS RECORD	DATE	SIGNATURE	
			Official	Supervisor
1.	Application Received			
2.	Procedural Check			
3.	Application Returned for Correction			
4.	Application Returned Corrected			
5.	Data Captured			
6.	Data Verified			
7.	Searches Completed: a) Internal Affairs b) Deeds Office c) National Housing Data Base			
8.	Filed			
9.	Date Subsidy Approved by PD			
10.	Date applicant/developer/CBP notified of PD acceptance/non-acceptance			

SECTION A: PERSONAL DETAILS (To be completed by all applicants)					
A "Spouse" is defined as a Husband, Wife or Long Term Partner					
Married, living with long term partner or single with dependants					
	Period		Period		Period
Married*		Habitually Co-habiting with long term partner*		Widow/Widower with dependants*	
Divorced with dependants*		Single with dependants*			
	APPLICANT			SPOUSE (or Deceased Partner)	
Surname					
Maiden or Former Surname					
Full Names (First Three Only)					
Identity Number					
Gender	Male*		Female*		
Race	African*		White*		
	Coloured*		Indian*		
	Other*				
If "other" specify:					
Residential Address:					
.....					
.....					
.....					
.....					
<input type="checkbox"/>	Disabled	Yes*	No*		
<input type="checkbox"/>	If you or any of your dependants are disabled and you are applying for additional subsidy, please attach original medical form (Appendix 1), duly completed and signed by your District Surgeon/Medical Practitioner, registered with the Medical and Dental Council.				

SECTION B: DETAILS OF ALL DEPENDANTS					
Surname	Initials	Identity Number/Thirteen Digit Birth Certificate Number	Age	Relationship to Applicant	Gender

SECTION C: MONTHLY INCOME DETAILS (To be completed by applicant)			
		Applicant	Spouse
Indicate if you are:	Unemployed *		
	Employed *		
	Self Employed *		
	Pensioner *		
Basic Monthly Income		R	R
Regular Periodic Allowances		R	R
Housing Allowance Payable (Loan Interest Subsidy)		R	R
Regular financial obligations met by employer on behalf of applicant/spouse		R	R
Commission Received (12 months average)		R	R
Pension or Disability Grant		R	R
TOTAL		R	R
JOINT TOTAL (Applicant and Spouse)		R	
Amount of Subsidy Applied For		R	

SECTION D: DETAILS OF CITIZENSHIP (To be completed by applicant)		
Are you a South African Citizen	YES *	NO *
If you are not a South African Citizen supply the following:		
Country of which you are a Citizen		
South African Permanent Residence Permit Number		
Date Permit was Issued		

SECTION E: DETAILS OF PROPERTY TO BE PURCHASED WITH SUBSIDY (To be completed by applicant)				
Name of Seller (or owner in case of land availability agreement):				
District:		Municipality		
Township:		Site / Lot Number*		
Township Extension:				
Unit Number:				
Description of Dwelling *	Flat (Name of Building)		House (Street Address)	
Type of Tenure	Ownership*	Leasehold*	Deed of Grant*	Other*
	If other: Specify			

SECTION F (i): FUNDING DETAILS IN RESPECT OF PURCHASE OF PROPERTY (To be completed by applicant)	
TOTAL PRODUCT PRICE	R
a) Subsidy	R
b) Amount of Home Loan, if applicable	R
c) Employer's Contribution, if any	R
d) Own Cash Contribution	R
e) Own Building Material Contribution	R
TOTAL	R
SECTION F(ii) (To be completed by Provincial Department)	
f) Subsidy Amount Qualified for	R
g) Disability Subsidy (Plus)	R
h) Geotechnical Assistance (Plus)	R
Sub Total	
i) Grants Received from State Resources (Minus)	R
j) Previous capital expenditure (Minus)	R
Total Subsidy Amount Qualified for	R

SECTION G: DETAILS OF CONTRACTOR (To be completed by contractor)			
Name:			
Postal Address:			
National Home Builders Registration Council's Registration Number:			
Telephone Number	Code		
Facsimile Number	Code		
SECTION H: DETAILS OF SUPPORT ORGANISATION (To be completed i.r.o. Enhanced People's Housing Process by support organisation)			
Name:			
Postal Address:			
Telephone Number		Code	
Facsimile Number		Code	
Full description of legal status and registration number, if applicable			

AFFIDAVIT BY APPLICANT & SPOUSE/PARTNER *

AFFIDAVIT BY APPLICANT & SPOUSE/PARTNER *

We, the undersigned applicant and spouse /partner, do hereby solemnly / under oath* declare:

1. That all the information contained in this application form is true and correct and that all material facts have been disclosed therein.
2. That we are married to each other / habitually cohabit with each other as if we are husband and wife*.
3. That neither of us :
 - currently owns or has ever previously owned any residential property in full ownership, leasehold or deed of grant;
 - has ever purchased a State-subsidised residential property of which transfer has not yet been taken;
 - has previously received financial assistance from the Government of the Republic of South Africa or Independent Development Trust or the former Self Governing Territories or TBVC States or any other State financed subsidies in order to acquire a residential property; and
 - have estates that, at the date of this application, have been sequestrated or made insolvent.
4. That the information supplied with regard to dependants, are correct.
5. That all details given in this application form with regard to ourselves, our income and employment status are true and correct.

We, further acknowledge:

6. That should the property which we are to acquire not have been transferred to us within three months after the date on which the Provincial Department has made the subsidy amount available to us, the Provincial Department shall, at its discretion, be entitled to withdraw the subsidy.
7. That we are aware that if any information supplied by us in this application is incorrect or fraudulent, the Provincial Department may take appropriate legal action against us and may also institute a criminal prosecution.

APPLICANT

SPOUSE/PARTNER

Full names and Surname: Full names and Surname:

.....
SIGNATURE OF APPLICANT

.....
SIGNATURE OF SPOUSE/PARTNER

COMMISSIONER OF OATHS

I CERTIFY that the Deponent/s has/have acknowledged that he/she/they* know and understand the contents of their affidavit's, which was/were signed and sworn to/affirmed* before me at
 on this day of of the year 20

OFFICIAL DATE STAMP

Full names and Surname:

Identity Number

Capacity:

Postal Address:

Area:

.....
SIGNATURE OF COMMISSIONER OF OATHS

Appendix 1

MEDICAL CERTIFICATE IN RESPECT OF DISABLED PERSONS AS REQUIRED IN THE HOUSING SUBSIDY SCHEME OF THE GOVERNMENT OF SOUTH AFRICA (To be completed by district surgeon/medical practitioner and submitted with Housing Subsidy Application Form)									
1. Name of subsidy applicant:									
2. Postal Address:									
3. Identity No									
4. Name of disabled person									
5. Relation of disabled person to applicant, if not applicant:									
Husband*	<input type="checkbox"/>	Wife*	<input type="checkbox"/>	Long term partner*	<input type="checkbox"/>	Child*	<input type="checkbox"/>	Financial dependant*	<input type="checkbox"/>
6. Nature of Disability*									
CATEGORY	NATURE			DEGREE					
A	Walking			Walking aids					
B	Walking			Wheel chair - partial usage					
C	Walking			Wheel chair - full time usage					
D	Hearing			Partially/profound deaf					
E	Vision			Partially/Totally blind					
F	Limited or no use of upper body limbs			Partial/Total movement loss/paralyses in the upper body limbs					
7. Particulars of district surgeon/medical practitioner									
7.1	Surname:						<input type="checkbox"/>		
7.2	Full Names:						<input type="checkbox"/>		
7.3	Postal Address:						<input type="checkbox"/>		
7.4	Registration Number with the Medical and Dental Council:						<input type="checkbox"/>		
7.5	Telephone Number: ()						<input type="checkbox"/>		
7.6	Facsimile Number: ()						<input type="checkbox"/>		
I certify that the above details are true and correct.									
Signature:				Date:					
MEDICAL PRACTITIONER/									

- Tick () whichever is applicable.

The Housing Code

Integrated Residential Development Programme

PART A Integrated Residential Development Programme

- 1 Overview
- 2 Policy Prescripts and Provisions

PART B Guidelines for the Implementation of Projects

- 1 Nature of Guidelines
- 2 Suggestions on How to Implement
- 3 Project Funding
- 4 Community Participation
- 5 Town Planning Aspects
- 6 Project Agreement between Municipality and MEC
- 7 Norms and Standards



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

3 PROJECT FUNDING

3.1 ASSISTANCE IN APPLYING

Where a municipality requires advice and/or financial assistance for the preparation of a project description and/or a social compact, the municipality may submit a fully motivated request to the relevant MEC for such assistance. An MEC may agree to render such assistance in her or his discretion. The MEC may make resources available or pay fees and compensation for essential expenditure as may be agreed upon. This assistance is subject to strict budgetary and financial controls as is normally applicable to the appointment of professional consultants.

The costs of compiling project descriptions will be paid to an applicant from funds received from the Minister as part of the annual conditional grants allocation to provincial governments on acceptance of the project description by an MEC.

3.2 PROGRESS PAYMENTS

The Progress Payment System is intended to ensure adequate cash flow for contractors and that all payments are based on deliverables and value for money achieved. Since the quantum of the subsidy amount represents a guideline amount and will be adjusted annually, the quantum of all progress payments and tranche payments should be adjusted accordingly.

Payments are made in accordance with the contractual arrangements pertaining to approved projects. In terms of a project agreement progress payments are made by an MEC to a developer in advance. Three tranches of progress payments may be identified.

In terms of the contracting strategy adopted by a developer, and the contractual arrangements entered into by a developer and the providers of goods and services, payments from a developer to a professional service provider or contractor are made in terms of the approved Progress Payment Schedule.

3.2.1 PAYMENTS MADE BY AN MEC TO A DEVELOPER

Payment structure

Progress payments are made in advance by an MEC to an applicant or developer. The PD will allocate monies in three tranches in respect of each project for control purposes. Monies may be released up to the maximum tranche amount. Developers may claim for interim payments for achievement of sub-milestones in each tranche up to the maximum

value allocated in respect of a tranche. Payment will be made against certified invoices in terms of contracts prepared in accordance with the standardised procurement documents.

Every payment claim by a developer must be submitted in the format of the approved cost schedule.

Every claim submitted by a developer to an MEC must meet the following reporting requirements:

- a) Actual costs must be certified against the approved cost schedule; and
- b) A development programme and cash flow estimate for the balance of the project must be attached.

At the completion of each tranche payment, an MEC must update the project information in the HSS. Provision may be made in a project agreement for the creation of sub-projects to provide for phasing of construction in an approved project. The costs associated with the preparation of aspects of the project descriptions and the feasibility report will be deducted from the residual amount of the subsidies after all payments associated with tranche No. 2 have been made.

Administrative costs

A developer is then responsible for payment of contractors. Developers will incur the costs the following:

- a) Preparation of the project description during the securing of land; and
- b) Preparation of the feasibility report.

Developers may submit applications for services which are identified as lacking to be installed, in assessing the suitability of land for development. Claims for payment must be accompanied by a description of the outputs of such services. Approved costs for project descriptions will be debited against the project reservation account. Approved costs for a feasibility study will be debited against a project cost. In the event that an MEC confirms the funding for the project, the amounts so claimed will be deducted from subsequent payment claims against the project cost.

Payments for the acquisition of land

In the first tranche provision is made for land payments, where this is required. This will provide flexibility for payment of the land price on transfer, when land is purchased from a private owner. The developer will only release payment on transfer, in terms of the arrangements in a project agreement. Where land is purchased from a public sector owner, the provision will apply, but payment will be made by a developer on transfer of residential erven to beneficiaries, or non-residential erven to public purchasers. This will occur later in the project cycle, and funds will be disbursed against the cost item at that time by the MEC.

Where a municipality has purchased land and/or serviced land in an approved project with loan funds under the previous dispensation, the amount of such loan funding will be deducted from land payments due under the first tranche.

3.2.2 PAYMENTS MADE BY A DEVELOPER TO CONTRACTORS

A developer makes payments to contractors in accordance with the approved Progress Payment Schedule. Every payment claim by a professional service provider or contractor must be submitted in the format of the approved cost schedule.

A developer may not make final payment in respect of a contract unless:

- a) The developer certifies that the turnkey contractor / contractor / service provider has satisfied all the requirements of the contract; and
- b) The NHBRC has confirmed in terms of the Regulations to the Housing Consumers protection Measures Act, 1998, that no enrolment of homes in a project has been cancelled or suspended.

4 COMMUNITY PARTICIPATION

If the developer opts to pursue the development contract option, he/she may employ community contractors in the construction of houses. This promotes community participation.

5 TOWN PLANNING ASPECTS

Town planning occurs during Phase 1 of the project. In this stage the necessary social and economic facilities are identified and catered for. This includes areas designated for business, transport facilities, recreation and community amenities. In addition, the geotechnical survey undertaken at this stage enables the developer to allow for geographical variations which may occur.

6 PROJECT AGREEMENT BETWEEN MUNICIPALITY AND MEC

Following confirmation of subsidies by an MEC in Figure 1, the MEC and the developer shall enter into a project agreement. The agreement shall contain the following:

- a) A record of:
 - i) The estimated number of residential and other land use stands indicating subsidy and non-subsidy stands and the details of the other land uses.
 - ii) The quantum, if any, of variations for location, geotechnical or geophysical conditions, for disabled beneficiaries, or for construction in the Southern Cape Coastal Condensation Problem Area;
 - iii) The estimated number of subsidies allocated to indigent beneficiaries;
 - iv) The number and value of beneficiary contributions to be collected by the developer, if any;
 - v) The value, if any, of the deduction made to account for public funds previously received for the development;
 - vi) The total value of the project confirmed for the project derived from the above;
 - vii) The value, if any, of costs already paid for land acquisition, preparation of a project description and feasibility study as the case may be will be noted and deducted from funds to be paid;
 - viii) The total number of stands to be serviced indicated for each land use; and
 - ix) The development options elected.

- b) The level of services to be provided.
- c) The product prices of properties to be sold to beneficiaries and non subsidy qualifiers.
- d) Statements by the developer of the contract strategy, or combination of strategies to be followed in the project. In order to deliver housing it is necessary to appoint:
 - i) A developer to oversee and manage the development and to administer the development in terms of the provisions of the subsidy scheme.
 - ii) Professionals to establish the township, to design and monitor the installation of the services and to design aspects of housing units, which fall outside the scope of the NHBRC, design rules.
 - iii) Contractors to construct the services and housing units.
- e) A written social compact where required.
- f) The subsidy agreement will stipulate that a given number of the residential properties in the project will be sold to qualifying beneficiaries who fall into any particular subsidy band, and the developer will be obliged to use its best endeavours to ensure that this number of the residential properties is sold to qualifying beneficiaries who fall into the subsidy band in question. The developer shall not, without first receiving the prior written approval of the MEC, deviate from these agreed numbers. The agreement must also include the suggested time period within which the developer shall sell the residential properties to qualifying beneficiaries.
- g) The agreed progress payments that will be made by the MEC to the developer in terms of the guidelines set out in Section 2.2.3 of this Chapter.

7 NORMS AND STANDARDS

The Norms and Standards applicable to Integrated Residential Development Programme project developments are found in the Technical and General Guidelines. In addition to this, the norms and standards as stipulated by NHBRC in the Home Building Manual are to be complied with.

