

# The National Housing Code

## FINANCIAL INTERVENTIONS

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Accreditation of Municipalities

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Enhanced Extended Discount Benefit Scheme

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Individual Subsidies

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Operational Capital Budget

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**Rectification of Pre-1994 Residential Properties**

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Subsidy Quantum - Financial Intervention

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Human Settlements  
REPUBLIC OF SOUTH AFRICA

Volume 3

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## **ACRONYMS**

Member of Executive Council	MEC
Municipal Infrastructure Grant	MIG
National Home Builders Registration Council	NHBRC
Provincial Department responsible for human settlement	PD



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## Rectification of pre-1994 Residential Properties

### 1 Overview

### 2 Policy Prescripts and Provisions

### 3 Funding Arrangements

### 4 Institutional Arrangements



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## 1 OVERVIEW

As confirmed by the Comprehensive Plan for the Creation of Sustainable Human Settlements, Government is committed to enhance the quality of the residential products and the benefits thereof. This commitment extends beyond the future focus as it also includes attention to cases where inferior or inappropriate products were delivered.

In addition, the sale and transfer of residential properties constructed during the previous, (pre-1994) housing development dispensation remains a high Government priority. The implementation of the National Sales Campaign revealed that certain dwellings constructed under the pre-1994 state financed housing dispensation do not comply with acceptable minimum technical and infrastructural standards. This situation negatively affects progress with the sale and transfer of the target units. A dedicated programme for the improvement of the relevant houses is therefore required.

The objectives of this Programme are furthermore aligned with the objectives of the National Housing Programme: The Enhanced Extended Discount Benefit Scheme, namely the advancement of the sale and transfer of quality housing units to the relevant beneficiaries.

The Programme has been introduced by the Minister of Housing in terms of the provisions of Section 3(5) of the Housing Act, 1997 (Act No. 107 of 1997).





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## 2 POLICY PRESCRIPTS AND PROVISIONS

### 2.1 POLICY INTENT

The main objective of the Programme is to facilitate the improvement of state financed residential properties created through State housing programme interventions during the pre-1994 housing dispensation that are still in ownership of the public sector institution and/or that were disposed off to beneficiaries, with specific focus on:

- The improvement of municipal engineering services where inappropriate levels of services were delivered; and
- The renovation and/or upgrading or the complete reconstruction of dwellings that are severely structurally compromised and that are regarded as inappropriate for transfer into ownership of the beneficiary or unfit for human habitation, thus posing a threat to the health and safety of the inhabitants.

### 2.2 PRINCIPLES OF THE PROGRAMME

The following principles are applicable to the Programme:

- The Programme is not to facilitate a general upgrading or improvement initiative;
- Funding approved under the Programme will constitute grants to municipalities or provincial government as the case may be;
- In cases where municipal engineering services require upgrading/improvement, the Municipal Infrastructure Grand Fund (MIG) must first be approached for the allocation of the required funding. The annual housing development funding allocation will only fund such municipal engineering service upgrading/improvement as a last resort;
- In cases where residential properties have been transferred to the beneficiaries and improvement and/or upgrading work is required, the beneficiary must provide written approval for access to the property by the public authority and/or its agent and the intended upgrading/improvement work must meet with his/her written approval;
- To ensure that the current occupants and/or owners of the affected properties agree with any intended rectification work, it will be required to enter into an agreement with the households to the effect that written approval is provided for any reconstruction or upgrading work.

- The application of the Programme should not lead to an inequitable situation where beneficiaries are treated in an unfair manner within projects. Initiatives must be implemented on a complete project or area basis;
- The technical norms and standards to be applied under the Programme will be determined by the MEC;
- The Programme will not be applied in cases where properties were damaged during disasters such as floods, storms, fires, strong winds etc;
- All approved rectification projects must be recorded on and administered through the Housing Subsidy System; and
- It will be the responsibility of the PD to monitor the implementation of the rectification assistance projects.

### **2.3 APPLICATION OF THE PROGRAMME**

The Programme will apply to the following properties:

- Any dwelling constructed through the application of any of the State housing development schemes administered prior to 1994, where the property belongs to the municipality or the provincial government or where the property was sold to the beneficiary in ownership or through deed of grant, and which property:
  - a Requires upgrading to achieve an acceptable minimum technical standard determined by the MEC in respect of municipal engineering services and the top structure;
  - b Requires renovations to address dilapidated conditions and/or to terminate hazardous health and safety conditions that occurred due to the inappropriate design of the dwelling and/or where inappropriate construction methods or standards were applied;
  - c Is required to be demolished and reconstructed due to:
    - i The current state of disrepair that occurred due to inappropriate top structure design and the failure to effect any precautionary measures;
    - ii Inappropriate construction methods or standards that were applied;
    - iii Inappropriate location of the dwelling due to incorrect township layout and planning practices where such dwelling is subject to severe flooding beyond the control of any corrective storm water management system; and

iv Inappropriate location of the dwelling, such as in areas with a high dolomite concentration that is unsuitable for residential development and human habitation.

- Multi level rental housing units (State financed flats) to be disposed off in terms of sectional title schemes or individual ownership as the case may be and which buildings require upgrading and improvement to comply with applicable legislative provisions to enable the sale scheme to proceed; and
- In respect of dwellings, that were sold and transferred to beneficiaries, that comply with the abovementioned criteria and are in need of upgrading/improvement, it will be a condition that the beneficiary to benefit from the intervention must be the original beneficiary of the Sales Campaign or his/her spouse.

The reference to State housing development schemes includes housing units that:

- Were constructed by means of loans and advances made available by the previous National Housing Commission, Community Development Board or the previous Own Affairs, Housing and Development Boards;
- Were developed by the governments of the self-governing territories, TBCV states, and those constructed by the previous Governments' development corporations as the case may be.

The reference to State housing development schemes excludes housing units that:

- Were developed by the previous government for official use for employees of the state such as SAPS employees, magistrates, members of Parliament etc;
- Were developed by the previous and/or existing parastatal institutions for occupations by employees of such institutions.

The following will be excluded from the Programme:

- Municipal and provincial owned rental stock that will never be sold;
- Houses that have already been transferred to beneficiaries who have already rectified the defects utilising their own resources;
- Defects that are attributed to poor maintenance; and
- Defects in extensions to the original dwelling.

## 2.4 WHO WILL BE ASSISTED?

In view of the fact that the Programme will apply to properties currently owned by a municipality and/or provincial government as well as individual persons, and the fact that the funding available under the Programme is regarded as grant funding to municipalities/provinces, the application of the Programme is not subject to the profile of the household occupying the property or who owns the property.

In cases where properties have been transferred to beneficiaries, those that will benefit under the Programme would have to be the original beneficiaries who acquired the property from the State organ. However where the original beneficiary is deceased and his or her heirs are now the registered owners of the property, the MEC will have the discretion to extend the benefits of the Programme to such heirs on the merits of each individual case.

Where approved, rectification work to the dwelling would require the occupants thereof to be temporarily housed, the MEC may, upon receiving consent from the said occupants, approve the provision of temporary accommodation.

It is suggested that the National Housing Programme: Housing Assistance in Emergency Circumstances be utilised for this purpose.

## 2.5 MINIMUM TECHNICAL NORMS AND STANDARDS

The MEC may prescribe minimum technical norms and standards to accommodate the special circumstances that may exist in each project and/or area. However such provincial imposed norms and standards must at least comply with the following provisions.

### 2.5.1 MUNICIPAL ENGINEERING SERVICES

Funding available under the Programme may, as a last resort be applied to enhance the standard of municipal engineering services where required. Funds must only be allocated for this purpose where funding from the MIG Programme is not available or cannot be made available. The minimum level of infrastructure that must be achieved is as follows:

Nature of the services	Minimum level to be achieved
Sanitation	Each residential property must have access to a functional sanitation system properly maintained and serviced.
Water	Each residential property must have access to a metered water connection supplying consumable water to the residence.

Nature of the services	Minimum level to be achieved
Road access	Each property must have access via gravel or paved road.
Storm water management	Each property must be connected to a functional storm water management system.
Street lighting	All properties must be served by adequate street lighting.

## 2.5.2 PERMANENT RESIDENTIAL STRUCTURES

The following guidelines would apply to existing buildings that require renovation and/or upgrading on the existing stands:

Due to the diversity of housing units that were delivered during the pre-1994 era, it is impossible to determine a generic set of norms and standards for the top structures. However the dwellings must as a minimum comply with the following criteria:

- Safety and health conditions - Dwellings should comply with minimum safety and health conditions and should under no circumstances pose any threat to the health and safety of the inhabitants.
- Structurally sound - Dwellings should be structurally sound and should not be subject to severe cracks in the superstructure resulting from severe foundation and wall failure.
- Sound building practice and material use - Dwellings should consist of quality materials and building practices must have been executed in terms of minimum standards, for instance roof tiles must comply with minimum standards to ensure secure roof cover construction and the absence of lintels should not compromise the integrity of any walls above window and door frames etc.

The above minimum requirements are not applicable to the demolition and reconstruction of buildings in a new location due to inappropriate location and/or township layout and design. Where dwellings are to be demolished and reconstructed, the Ministerial National Norms and Standards in respect of Municipal Engineering Services and Permanent Residential Structures as contained in the National Housing Code published on 10 October 2000, must be adhered to.

## 2.6 CONFIRMATION OF REQUIREMENT FOR RECTIFICATION

- The nature and extent of the damage and/or defects to dwellings must be assessed and verified by a registered structural engineer and, where required, a



registered structural engineer must also design the rectification work required and/or prescribe precautionary measures that might be required and supervise the rectification work.

- Registered civil engineers must confirm inappropriate municipal engineering services or defective services.
- All upgrading and/or rectification work should be designed on the basis of the Guidelines for Human Settlement Planning and Design (commonly referred to as the “Red Book”).
- All new dwellings to be constructed must be enrolled with the NHBRC.

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### **3 FUNDING ARRANGEMENTS**

#### **3.1 NATURE OF THE GRANT**

Funding available under the Programme will constitute grants to municipalities and/or provinces as the case may be and will not be regarded as an Individual Housing Subsidy allocation to a beneficiary.

#### **3.2 FUNDING SOURCE**

The Provincial Governments will on an annual basis set funds for the Programme aside from the annual housing funding allocation received from the Minister as part of the Conditional Grants.

Provincial Governments must take cognisance of the fact that the application of the Programme may have a severe impact on financial resources of the government and should thus only apply the Programme in the most deserving or “emergency” cases.

#### **3.3 GUIDELINES FOR THE FUNDING OF RECTIFICATION WORK**

The Programme provides for the discretion of the MEC in the determining of the actual funding requirements of any rectification work on an individual case basis.

##### **Upgrading/repair of municipal engineering services**

In respect of the funding required to upgrade municipal services, the applicable funding limits provided for by the Ministerial National Norms and Standards in respect of Municipal Engineering Services may be used as a guideline.

##### **Repair and/or upgrading of dwellings**

Due to the differing nature of the housing units and the sizes thereof, it is not practical to provide detailed costing for the upgrading and/or refurbishing work that might be required per housing unit.

The MEC may therefore, based on professional assessment and cost recommendations, consider the approval of rectification work to existing houses on the basis of each individual project to be undertaken.

When considering project applications, the MEC must be guided by the principle of financial viability to determine whether proposed expenses under the Programme represent a cost effective allocation of government resources.

In cases where the housing unit is to be demolished and replaced with a new dwelling, the current National Norms and Standards in respect of Permanent

Residential Structures must be applied and this must be linked to the guideline subsidy amount applicable to the specific financial year.

In respect of the Southern Cape Coastal Condensation Area (SCCCA), the application of the approved measures to prevent mildew growth in houses affected by this Rectification Programme may be considered favourably by the MEC.

### **3.4 FUNDING ADMINISTRATION**

Approved funds for rectification projects will be transferred by the relevant PD to the municipality concerned in a manner and subject to such terms and conditions approved by the MEC.

The MEC may approve advance payments to the municipality to ensure that municipalities do not experience adverse cash flow problems.

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## **4 INSTITUTIONAL ARRANGEMENTS**

The implementation of the Programme will be undertaken by the nine provincial governments in collaboration with the relevant municipalities.

### **4.1 RESPONSIBILITIES OF MUNICIPALITIES**

Municipalities will be responsible for:

- The identification of properties that require rectification
- The compilation of project applications for submission to the MEC;
- The implementation of approved projects;
- The provision of temporary accommodation where required.

### **4.2 RESPONSIBILITIES OF PROVINCIAL GOVERNMENTS**

The PD will be responsible for:

- The implementation of the Programme;
- Acting as developer where municipalities lack capacity and expertise;
- Reserving funds from its annual budget allocation for the application of the Programme;
- Evaluating project applications and submitting recommendations to the MEC;
- Administering the release of approved project funding to municipalities;
- Monitoring the implementation of this Programme in collaboration with municipalities; and
- Doing everything in its power to assist the municipalities fulfil their obligations under this Programme.

### **4.3 DECISION-MAKING AUTHORITY**

The MEC in the Provincial Government will assume the decision-making authority for the approval of project funding applications and may prescribe the process and nature of applications for funding available under the Programme.



#### **4.4 RESPONSIBILITIES OF THE NATIONAL DEPARTMENT**

The National Department will be responsible for:

- Maintaining the policy and Programme and assist with the interpretation thereof;
- Monitoring the implementation of the Programme; and
- Providing implementation assistance.