



Draft City of Johannesburg Serviced Stands Policy

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TABLE OF CONTENTS

1. Abbreviations	P2
2. Definitions	P3
3. Introduction	P4
4. Scope of Policy	P6
5. Objectives	P6
6. Legislative Framework	P6
7. Norms and Standards	P7
7.1 Internal municipal engineering cost	P7
7.2 The following may be developed under this Programme	P7
8. Qualifying criteria	P8
8.1 Assistance for Qualifying beneficiaries for assistance as outline in the National Housing Code (consider two options for qualifiers)	P9
8.2 Income Categories	P9
8.3 Additional requirements	P9
8.4 Other income sources to be considered	P9
9. Provision for Non-Qualifiers	P10
9.1 Non-Qualifier can be defined as follows.....	P10
10. Registration with the National Housing Needs Register (NHNR)	P10
11. Allocation Process in Serviced Stands	P11
12. Programme payment and Financing	P11
13. Purchase Price & Acquisition process	P12
14. The serviced stands programme may be implemented where	P12
15. Densification	P12
16. Penalties & Sanctions for non-compliance	P12
17. Deviation	P13
18. Effective Date of the policy	P13
19. Monitoring and Evaluation	P13
20. Policy Review	P13
21. Deviation from the policy	P13

1. ABBREVIATIONS

BNG	Breaking New Ground previously termed RDP Housing
CoJ	City of Johannesburg
DSD	Department of Social Development
ED	Executive Director
FLISP	Finance Linked Individual Subsidy Programme
EPHP	Enhanced People's Housing Processes Programme
ISUP	Informal Settlements Upgrading Programme
IRDP	Integrated Residential Development Programme
USDG	Urban Settlement Development Programme
SDF	Spatial Development Framework
HSS	Housing Subsidy System
JDA	Johannesburg Development Agency
JSIP	Johannesburg Strategic Infrastructure Platform
MEC	Member of the Executive Council
MMC	Member of the Mayoral Committee
NHNR	National Housing Needs Register
POPI Act	Protection of Personal Information Act, No 4 of 2013

1. DEFINITIONS

For purposes of this policy, unless otherwise stated, the following definitions shall apply

“Applicant” any person who makes a formal request, completed a registration and have their details captured on NHNR to be assisted to access housing benefit

“Approved Applicant” An applicant whose application for a housing benefit has passed all searchers by the HSS and not yet allocated a housing subsidy

“Consolidation Subsidy” – Housing subsidy instrument given to qualifying applicants who would have acquired a serviced site either through government assisted or individual initiatives and require a top slice to complete the construction of a top structure

“Department” means the Department of Housing in the City of Johannesburg **“Enhanced Peoples Housing Process” (E-PHP)** – Housing subsidy instrument that assists qualifying applicants who wish to enhance their houses by actively contributing towards the building of their own homes.

“Housing Subsidy System” (HSS) computerized system managed by the National Department

“Municipality” As defined and with the following pieces of legislation read together; Section 155 of Act 108 of 1996, Act 117 of 1998, Section 2 of Act 32 of 2000

“Executive Director” refers to department of Housing’s Executive Director or any person with such authority

“Council” refers to the City of Johannesburg’s

“National Housing Code” National housing policy passed in terms of Section 4 of the National Housing Act, Act 107 of 1997 documenting policy principles, guidelines and norms and standards which apply to Government’s various housing assistance programmes introduced since 1994 and updated

“National Housing Needs Register” (NHNR) – A national housing needs identification and analysis tool used as an information database to capture all housing applicants in the province and where prospective beneficiaries will be drawn and invited to complete housing subsidy application

“Non-Qualifier” an applicant who do not satisfy the Housing Subsidy Scheme qualification criteria; Households/persons with a monthly income exceeding the maximum income limit as approved by the Minister from time to time;

- (i) Households headed by minors, who are not competent to contract in collaboration with the Department of Social Development;
- (ii) Persons without dependents;
- (iii) Persons who are not first-time home owners; and

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- (iv) Persons who have previously received housing assistance and who previously owned and/or currently own a residential property. Assistance may be considered on condition that access to benefits of the programme will be considered on a case by case basis to determine the facts and the

“Rudimentary Services” Roads, water, electricity, sanitation, refuse and waste removal

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2. INTRODUCTION

Serviced sites has been provided as an option for non-qualifiers within the National Housing Code: IRDP, FLISP, Individual subsidies as well as Informal Settlements Upgrading Programme. Whilst the provision of the access to adequate housing has been largely implemented for qualifiers, a response to cater for those that have fallen in the gap due to various circumstances was identified. Currently there is no dedicated policy that comprehensively and directly caters for qualifiers to gain access to serviced sites. An initiative to drive the delivery of serviced stands was elevated by communities, earlier Alexander community and recently Eldorado Park, and surrounding areas.

The Mayor Mashaba pronounced as a Dipethogo strategy, a serviced stands approach, to not only provide access but speed up delivery of human settlements in the City Section 26 of the Constitution stipulates that “Everyone has the right to adequate housing. The state must take reasonable legislative and measures, within its available resources, to achieve the progressive realisation of this right”¹. In fulfilling that right, the state has to use a plethora of various approaches to provide adequate housing to households. Both the National Development Plan and Outcome 8 on Sustainable Human Settlement and Improved Quality of Household Life proposes the land release method for housing targeting poor and lower-middle income household.

The Outcome 8 in particular outlines different roles and how much the national, provincial and local government should release land for housing. Even though the times spelled out in the Outcome 8 has passed, the demand for land for human settlement remains a thorny issue. Coupled with that is the growing list of people who are looking for shelter. With the changing of political landscape in the national discourse, the debate on the expropriation of land without compensation will put more pressure on government priorities in particular human settlement section of government. Already the City of Johannesburg is faced with land invasions from various regions of which some of these invasions are done by people who are interested in building their own homes and not relying on the state.

The Policy guidelines titled “Implementation Guidelines for the Disposal of the Serviced Site to Housing Subsidy to Non-Qualifiers in the City of Johannesburg” which was approved by Council (2014) set the tone for non-qualifiers. The increased call for serviced stands was however, more predominant from qualifiers who had waited longer to be allocated due to long delivery processes. A need to review in line with such

RSA Constitution, No 108 of 1996

developments and to align with the provincial and nationally initiated Rapid Land Release programme as pronounced by the Premier.

3. Scope of Policy

The policy shall cover any pursued initiatives by the City of Johannesburg in promoting incremental access to housing and incremental security of tenure.

5. Objectives

- 5.1. Provide for a systematic way of administering serviced stands projects as part of incremental housing in the City for people that can build for themselves;
- 5.2. Provide a systematic process to build capabilities for the project roll out;
- 5.3. Contribute to the provision of additional housing supply and dealing with housing backlog in the City;
- 5.4. Facilitate access to land for housing development & for socio and economic activities to realize and integrated developmental approach in the City;
- 5.5. Promote land release for access to housing and spatial transformation;

6. Legislative Framework

The following legislation and policy informs the guiding principles and implementation of this policy:

- The Constitution of the Republic of South Africa, 1996;
- The Housing Act No. 107 of 1997;
- The Urban Development Framework, 2000;
- The Breaking New Ground Strategy, 2004;
- The Provincial Inclusionary Housing Policy, 2007 (CoJ Inclusionary once approved);
- National Social Housing Act, 2008;
- The National Housing Code, 2009;

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- Spatial Development Framework, 2016 and

7. Norms and Standards

The following norms and standards shall be upheld

- a) All identified portions of land should be serviced and all required township development processes be completed or in their finality prior allocating any stands;
- b) Where Occupation certificates are granted prior the township development is finalised, a clear financed plan to be in place and implemented within the stipulated period;
- c) Approved standardised housing plan (layout) stands to be provided to set a minimum standard of allowed structures on the property;
- d) The property rates as charged by the municipality for the property, with subsequent increases thereof, except in instances where such beneficiaries are exempted by the municipality and have received such exemption in writing;
- e) No informal structure or shacks shall be erected on the allocated stand, unless a shack to allow for securing the site during the building process
- f) The disposal should observe densification and
- g) Once the stand is transferred the owner to align with building regulations for safety purposes

7.1. Internal municipal engineering cost:

Through the implementation of section 2.5 a) of the IRDP as per the National Housing Code 2009:

- a) 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.
- b) 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.

7.2. The following may be developed under this Programme:

- a) Residential stands for housing subsidy scheme beneficiaries;
- b) Stands for non-housing subsidy scheme beneficiaries;
- c) Residential stands for higher income categories;

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- d) Stands for commercial and/ or business use;
 - e) Institutional stands – schools, police stations etc; and
 - f) Stands for higher density scheme etc.
 - g) The cost of township establishment may also be funded.
 - h) 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.
 - i) The principle of “the stand input cost” is also introduced and includes:
 - 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 applicable transfer costs.

8. Qualifying criteria

The programme qualifying criteria will be in line to the National Housing Code prescripts, however, priority will be given to:

- a) South African citizens, as means of contributing to Land redistribution in addressing the landlessness of the citizens and disposition that occurred in the previous dispensation.
- b) Priority to be given to individuals from the age of 35 years and above;
- c) People living with disability;
- d) Aged
- e) Persons without dependents: Depending on the income level as anticipated above, officials of the City should make the sites avail at either development cost or market related price. Beneficiaries should also be advised about other tenure options.
- f) Persons who are not first-time home owners: Depending on the income level as anticipated above, officials of the City should make the sites available at either development cost or fair market value. Beneficiaries should also be advised about other tenure options.
- g) Persons who have previously received housing assistance and who previously owned: Depending on the income level as anticipated above, officials of the City should make the sites available at either developmental cost or fair market value. Beneficiaries should also be advised about other tenure options.

8.1. Assistance for Qualifying beneficiaries for assistance as outline in the National Housing Code

8.1.1. All individuals within R0-R3500 once allocated a serviced stand will be classified as benefitted on the HSS, they will be required to sign a consent prior allocation, once screened that they are to build for themselves and that the top structure benefit for government to build will not automatically be allocated soon after the stand is allocated;

8.2. Income Categories:

8.2.1. R 0- R3500: qualify for free stands, (subject to a decision in 8.1.1. above)

8.2.2. R 3501- R7 500 – qualify for free stands (as part of FLISP non- qualifiers Category)

8.2.3. R 7 501 - R10 000 – cost of land development

8.2.4. R10 001- R 22 000- Market Rate

The City will administer the programme using FLISP, ISUP, and IRDP & USDG to administer the programme for both qualifiers and non-qualifiers.

8.3. Additional requirements:

8.3.1. Applicant must demonstrate through 3 months bank statement/ payslip or investment income an ability to reserve funds to build within six months after the date of transfer and shall be completed 5 years thereafter (avoid invasions, informal settlements,)

8.3.2. Nominated Guarantors may be considered where dependents / other affording family members will serve as guarantors with confirmed sources of funds to be used to build within the specified time

8.4. Other income sources to be considered

8.4.1. Pension/Provident Fund Backed Loans will to be allowed;

(i) These loans are personal loans issued against the security provided by the relevant Pension Funds;

(ii) The loans are linked to the acquisition of residential properties and personal loans are issued by registered lenders;

(iii) The Collateral is linked and is based to the accumulated retirement savings of the applicant.

9. Provision for Non-Qualifiers

9.1. Non-Qualifier can be defined as follows:

(i) Persons that do not satisfy the Housing Subsidy Scheme qualification criteria;

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- (ii) Households/persons with a monthly income exceeding the maximum income limit as approved by the Minister from time to time;
 - (iii) Persons without dependents;
 - (iv) Persons who are not first-time home owners;
 - (v) Persons who have previously received housing assistance and who previously owned and/or currently own a residential property. Assistance may be considered on condition that access to benefits of the programme will be considered on a case by case basis to determine the facts and the approved of access; and
 - (vi) Persons who do not qualify for individual subsidies and also unable to secure mortgages from the financial institutions. The policy guidelines, proposes both market and development cost related approaches to site and services.
 - (vii) Monthly Household Income exceeding R3500 as approved by the Minister from time to time: These non-qualifiers are not eligible for state subsidized housing as well as mortgage housing financed by the financial institution.
 - (a) Options to beneficiaries earning between R3 501 to R10 000: In the event the beneficiary's income falls in this category, officials of the City should avail the sites at the development cost to the beneficiaries. They should also be advised of other tenure options including rental accommodation provided by the City.
 - (viii) Options to beneficiaries earning between R10 001 to R22 000: In the event of the Beneficiary's income being in this category, officials of the City should avail the sites at market related price. They should also advise the beneficiaries about other tenure options including rental accommodation and gap housing.

10. Registration with the National Housing Needs Register (NHNR)

- a) Any person who wishes to benefit under the provision of this policy shall be registered as an applicant and have their housing need captured in the NHNR
- b) An applicant who has registered his/her housing need on the NHNR, approved on the HSS but not yet allocated shall be eligible to apply to be allocated with the serviced site;

11. Allocation Process in Serviced Stands

The allocation of serviced stands programme should be implementation in the following manner;

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- a) The allocation should enforce a clear first come first serve criteria, however , prioritization will be determined in line with section 8 (a, b, c, d,);
 - b) The department to make use of the joint allocations committees and the process thereof;
 - c) Only certified serviced stands should be allocated and the programme;
 - d) That the purchase price of the stands to be sold to non-qualifying beneficiaries in line with the categorization in 8.2 above be equal to the cost of the development of the stand, comprising of:
 - (i) Land acquisition component; ·
 - (ii) Component equal to the cost of the provision of the municipal engineering services;
 - (iii) Component equal to the cost of the provision of bulk link services;
 - (iv) Cost for the provision of electricity to the unit; ·
 - (v) Cost for the provision of internal water and sanitation; ·
 - (vi) Transfer costs; and ·
 - (vii) Additional geotechnical

12. Purchase Price & Acquisition process

- 12.1. Income generated through the sale of serviced stands
- 12.2. The department of Housing, Finance Directorate to set up a serviced stands disposal model in line with MFMA 2003 chapter 3, section 14 subsection (2) (b) & sub section (4) & (5) to be undertaken in a fair and transparent manner;
- 12.3. The costs charged to be in line with the approved tariffs by council, as required by the Act;
- 12.4. The City to request an adjustment of Section 10A, retention clause from Minister for serviced stands purposes. A proposal of the term to be reduced from the original 8 year term to 5 years, in line with the allowed duration to build. This will also enable proper monitoring by the City within the 5 year term, after which full transfer may be undertaken;
- 12.5. No instalment Sale will be allowed

13. The serviced stands programme may be implemented where:

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- 13.1. A serviced stands project is undertaken in an area where unoccupied vacant land is serviced and area development plan which enforces an integrated Human Settlement; or
 - 13.2. An project is undertaken in an existing township where vacant land parcels are distributed for incremental housing purposes.

14. Densification

- 14.1. The implementation of this policy should be in line with the proposed densification plan as per approved SDF. Where such plans will be affected, the municipality to review such area and agree on the proposed plan prior its implementation.

15. Penalties & Sanctions for non-compliance

The following sanctions will be implemented should the beneficiary not comply with the set norms and standards for serviced stands programme:

- a) In instances where the stand owner fails to keep up to date with the payment of rates and services linked to the stand, the municipality reserves a right to expropriate in line with its policy to recover the debt owed, the department will not intervene in such instances;
- b) In instances where the stand owner neglects to secure his/her allocated site and as a result it becomes invaded, the costs related to reclaiming the site back will fall squarely on him/her;
- c) Any illegal sale of serviced stands will not be tolerated or entertained;

16. Deviation

- 16.1. Any application for deviation shall be addressed to the Mayor for a matter to be tabled for Council decision stating the reason for deviation
- 16.2. Every application for deviation shall be treated on its own merits and as such not be seen as the law/rule of precedence;

17. Effective Date of the policy

This policy comes to effect on the day being assented by the Mayor and subsequently passed as a Council Resolution for concurrence

18. Monitoring and Evaluation

- 18.1. Monitoring and evaluation of the policy remains the most critical area to ensure effective implementation of the policy
- 18.2. Monitoring and Evaluation unit of the Department will be responsible for monitoring, evaluation and impact assessment on the implementation phase of the policy

19. Policy Review

19.1. The implementing agent may call for a review/adjustment/amendment of this policy following 12 months of implementation of the policy and thereafter it shall be reviewed when such a need arises

19.2. A review to be undertaken to align with any approved National and Provincial Policy and Legislation

20. Deviation from the policy

20.1. Any application for deviation shall be addressed to the Mayor stating the reason for deviation and approval be granted by Council prior implementation

20.2. Every application for deviation shall be treated on its own merits and as such not on the law/rule of precedence;

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