

**AGENDA of the
Portfolio Committee : Community Services
17 May 2016
(Also the agenda for the Mayoral Committee Meeting : 25 May 2016)**

**2.
HOUSING: TRANSFER OF 90 HOUSING UNITS TO BENEFICIARIES IN PEACH
HOUSES PROJECT, ZWELIHLE**

17/5/4/1

FW Frans

(028) 313 8148

Hermanus Administration

25 April 2016

1. Executive Summary

The purpose of the report is to request approval of Council to transfer 90 (ninety) housing units to potential beneficiaries in a development that is generally known as Peach Houses in Zwelihle

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Community Services
Department: Housing Administration

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services

4. Delegated Authority

None

5. Legal Requirements

Constitution of South Africa, 1996
Housing Act, 1997 (Act 107 of 1997)
The National Housing Code. 2009
Overstrand Municipality: Housing Selection Policy for Beneficiaries in
Ownership-based Subsidy Project

6. Background/Discussion/Evaluation/Conclusion

Background

Approval was granted by the former Western Cape Housing Development Board on 16 February 2004 to include the 90 housing units in Peach Houses project as part of the Hostels Redevelopment Programme.

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The 90 housing units were developed as rental stock to alleviate the overcrowded conditions in the hostels. The development cost of the 90 units amounted to R1 656 000.00, equating to R 18 400.00 per unit, excluding land and infrastructure cost.

Description of the housing units

A housing unit, which is 37.50m² (thirty seven point five zero square meters) in size, consists of the following:

- two bedrooms
- open plan kitchen/living area; and
- bathroom.

Request for transfer of ownership

Requests have been received by the municipality's Housing Department from the tenants/beneficiaries of the housing units for the transfer of ownership in their names. Several meetings, the latest being 25 August 2015 were held with the tenants of Peach Houses to discuss the request.

Due to the passage of time, the income of the tenants/beneficiaries changed. Some of the original beneficiaries passed away and the units are occupied by close family members.

Disposal of housing units

The mentioned housing units will be disposed in terms of the following available housing programmes and qualifying criteria as stated below:

- Integrated Residential Development Programme (for the income bracket R0 – R3500 per month or R42 000 per annum combined household income).
- Finance linked institutional subsidies programme (for applicants earning above R 3500)

The disposal value of the properties amounts to R 27,100.00 (zero rated VAT) each in terms of the current valuation, excluding the transfer cost (also refer to Section 7 on Financial Implications).

Qualifying criteria for affordable housing:

Potential beneficiaries must qualify for a housing subsidy in terms of the National Housing Code 2009 criteria namely:

- *Lawfully reside in South Africa (i.e. citizen of the Republic of South Africa or in possession of a permanent residence permit). Certified*

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copies of the relevant documents must be submitted with the application;

- *Legally competent to contract (i.e. over 18 years of age or legally married or legally divorced or declared competent by a court of law and sound of mind);*
- *Neither the applicant nor his or her spouse has previously benefited from government housing assistance;*
- *Have not yet owned fixed residential property; and*
- *Have previously owned fixed residential property but such a person may only qualify for the purchase of a vacant serviced site.*

In addition to the above, the following criteria must also be satisfied:

- *Persons must be married or habitually cohabit;*
- *Single persons must have financial dependants;*
- *Single aged person, disabled persons and military veterans without financial dependant may be assisted. Aged persons refer to, must comply with the criteria on the aged as defined by the Department of Social Development;*
- *Households must earn a monthly income in the range as annually approved; and*
- *Persons who have benefited from the Land Restitution programme and who satisfy all other relevant criteria may also be assisted.*

Finance linked institutional subsidies programme (FLISP)

Income and price

The FLISP household income limit is from R 7 000 to R15 000 and no prescribed maximum value of the property is applicable.

Policy principles

- The FLISP subsidy is available to a qualifying beneficiary who is able to access mortgage loan finance to acquire a residential property or to construct a house.
- The programme provides individual subsidies linked to the household income of the applicant and is subject to the approval of a mortgage loan. All applicants must satisfy the qualification criteria to enable them access to the benefits of the Programme. Households will only be able to access one Finance Linked Individual Subsidy and where the subsidy is accessed by applicants that are married or who are cohabiting with parents, the property must be registered in the names of both the applicant and his/her spouse.

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- The FLISP subsidy represents a once-off subsidy, to qualifying beneficiaries who will not qualify for any further or other state-assisted housing assistance. Beneficiaries will only benefit once in their lifetime from Government's housing assistance programmes.
- The FLISP subsidy is only available to the first time home owner whose monthly household income exceeds the cut off margin applicable to the Housing Subsidy Scheme and that monthly income is less than the maximum income limit set for the FLISP as announced from time to time. The 2012 income category for the FLISP is R3 501 to R15 000 per month.
- Where the FLISP subsidy is adequate to cover the lender's deposit requirements, the beneficiaries of the Programme will not be required to make any further financial contributions.
- The FLISP subsidy will only be awarded to qualifying beneficiaries who will acquire a residential property, the value of which may not exceed the maximum property value set for the Programme as announced from time to time.
- The FLISP will be administered by the National Housing Finance Corporation (NHFC) in terms of implementation agreements that must be concluded with the nine Provincial Governments in collaboration with participating registered financial institutions who have signed agreements with the NHFC.

Processing of applications

Potential beneficiaries will be formally invited by the Housing Department to complete subsidy application forms. It is recommended that in the event of no response after the first written notice of 30 days, a second and final written notice of 7 days be issued. For those occupants who do not qualify for a housing subsidy, the tenant(s) must continue to rent the unit(s) from the municipality or pay the purchase price in full.

Approval by Provincial Department of Human Settlements

After this report is noted by the Council, the list of potential beneficiaries will be referred to the Provincial Department of Human Settlements for notification. Completed subsidy applications will be submitted by the municipality's Housing Department to the mentioned housing department for approval.

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7. Financial Implications

Rental

An average rental of R 150.00 per month is payable by tenants, amounting to an income of approximately R 162 000.00 per annum for the municipality. The municipality will forfeit the aforementioned income.

Maintenance and repairs

In terms of the rental agreement with tenants, the municipality is responsible for the maintenance and repairs on the mentioned properties. The maintenance cost for the houses amounts to approximately R 450 000.00 for the past three financial years.

Value of the property to be alienated.

The current value of the properties to be alienated per the 2012 valuation roll (attached as per Annexure C) amounts to:

Land	R 270 000.00
Buildings	R 2 306 300.00

TOTAL R 2 577 300.00

The total amount per individual property (land and building) amounts to R27,100.00 in general except for properties where improvements were made with tenants' own funding.

Conveyancing cost

To be payable by the purchaser.

Rates clearance

Affordable housing projects may be exempted from rates clearance certificates in terms of section 118(4)(a) of the Local Government: Municipal Systems Act 32 of 2000, which states as follows:

“Subsection (1) does not apply to –

- (a) a transfer from the national government, a provincial government or a municipality of a residential property which was financed with funds or loans made available by the national government, a provincial government or a municipality”.*

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The properties in question will not be transferred to a third party and affected new property owners remain liable for the payment of any outstanding services accounts.

8. Staff Implications

Housing officials will assist potential beneficiaries with the completion of the subsidy applications.

9. Comments from other Departments, Divisions and Administrations

Manager: Property Administration, Ms A Kotze- (028) 316 3724

Chapter 2 of the Municipal Asset Transfer Regulations, 2008, (Regulations to the Municipal Finance Management Act, no. 56 of 2003) deals with the transfer or permanent disposal of non-exempted capital assets (the latter including land and buildings) and stipulates the processes to be followed. However, regulation 4(3)(b) clearly stipulates that the procedures for the transfer or disposal of non-exempted capital assets as stipulated in the said chapter are *“not applicable to the transfer of housing on municipal land and the transfer of municipal land for the poor to beneficiaries of such housing”*. This means that where Housing legislation and criteria are applicable to the transfer of the property, it is not necessary to follow a competitive process.

It is however prudent that the approval of Council is obtained for the alienation and subsequent transfer of the asset in terms of the Local Government: Municipal Finance Management Act, N0 56 of 2003.

10. Annexures

Annexure A:	List of potential beneficiaries
Annexure B:	Resolution: Hostels Development Programme: Zwelihle
Annexure C:	Valuation of properties.

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Portfolio Committee : Community Services
17 May 2016
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RECOMMENDATION TO THE COUNCIL:

1. that Council **approves** the sale of the 90 (ninety) rental units, Zwelihle, to the respective tenants based on the following options, namely;
 - a Integrated Residential Development Programme;
 - b Finance linked institutional subsidies programme;
 - c Private purchase.
2. that the sales price of R27,100.00 (zero rated VAT) per property (land building) **be approved**;
3. that, in the absence of the original tenant(s), the housing opportunity **be considered** for immediate family that qualify in terms of the applicable subsidy to purchase the particular property with the understanding that such cases will be individually presented to Council for consideration; and
4. that the list of original tenants in the Peach Houses project be **noted**.

RESPONSIBLE OFFICIAL:

FW FRANS

TARGET DATE FOR IMPLEMENTATION:

JULY 2016

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FW Frans

(028) 313 8148

Hermanus Administration

25 April 2016

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
17 MAY 2016, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

1. that Council **approves** the sale of the 90 (ninety) rental units, Zwelihle, to the respective tenants based on the following options, namely;
 - a Integrated Residential Development Programme;
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4. that the list of original tenants in the Peach Houses project be **noted**.

RESPONSIBLE OFFICIAL:

FW FRANS

TARGET DATE FOR IMPLEMENTATION:

JULY 2016

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OVERSTRAND MUNICIPALITY

ANNEXURE A 1 of 3

Zwelihle 90 Houses: Peach House

Nr	Name	Surname	Erf No	Address		
1	Funeka Caroline	Khohlakala	828	Zwelihle		
2	Edwin	Mpharu	829	Zwelihle		
3	Baba Elias	Mpazwa	830	Zwelihle		
4	Patricia Busisiwe	Sigwili	831	Zwelihle		
5	Patrick Thamsanqa	Poni	832	Zwelihle		
6	Bongani	Mapuma	833	Zwelihle		
7	Thabo S.	Bubi	834	Zwelihle		
8	Elliot Ndidi	Makhunga	835	Zwelihle		
9	Sinda	Xotyeni	836	Zwelihle		
10	Nomathamsanqa V.	Mpayipeli	837	Zwelihle		
11	Nontsizi Lillian	Kosani	842	Zwelihle		
12	Buyiselo	Shumane	843	Zwelihle		
13	Mncedisi Alfred	Maki	844	Zwelihle		
14	Vumile Jonathan	Mbane	845	Zwelihle		
15	Zukiswa Nancy	Tubu	846	Zwelihle		
16	Vuyisile Marriot	Makapela	847	Zwelihle		
17	Bela Peccanin	Mbali	848	Zwelihle		
18	Nontetha Virginia	Manqindi	849	Zwelihle		
19	Xiliswa Cynthia	Louw	850	Zwelihle		
20	Sandisile Simon	Majavu	851	Zwelihle		
21	Tanya Selina	George	852	Zwelihle		
22	XXXXXXXXXX	XXXXXXXXXX	853	Zwelihle		
23	Godfrey Neo	Ponoane	854	Zwelihle		
24	Joyce Mpolokeng	Ponoane	855	Zwelihle		
25	Jackson	Kaluwa	856	Zwelihle		
26	Sandile Malinge	Mtomile	857	Zwelihle		
27	Nomawethu Sheila	Mwanda	858	Zwelihle		
28	Theo Roland	Olivier	859	Zwelihle		
29	Fumanekile	Mahangu	860	Zwelihle		
30	Rulumente	Wayiza	907	Zwelihle		
31	Zibangele Eric	Ntlebi	908	Zwelihle		
32	Sipho Griffiths	Kamana	914	Zwelihle		
33	Twityi Joseph	Mtshotane	915	Zwelihle		
34	Mzamo samuel	Makendlana	916	Zwelihle		
35	Thandabantu Ronald	Mazomba	917	Zwelihle		
36	Sigebeza albert	Mahangu	918	Zwelihle		
37	Vuyani Winnet	Maliwa	919	Zwelihle		
38	Ludidi Aldophus	Mbizo	920	Zwelihle		
39	Archibald	Ncumeza	921	Zwelihle		
40	Julias Mxolisi	Dondolo	922	Zwelihle		

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ANNEXURE A 2 of 3				
41	Nolukhanyo Sylvia	Bokuva	923	Zwelihle
42	Albert Andile	Lumka	924	Zwelihle
43	Mchebi	Velem	925	Zwelihle
44	Tekile	Totose	926	Zwelihle
45	Pesika	Mketshane	927	Zwelihle
46	Richard	Rholobane	928	Zwelihle
47	Philani Alfred	Tshisa	929	Zwelihle
48	Micheal M.	Kepkey	930	Zwelihle
49	Khonomfana	Shumane	931	Zwelihle
50	Mzoli Harrington	Faltein	932	Zwelihle
51	Ethel	Ntoyakhe	933	Zwelihle
52	Joseph	Nofemela	934	Zwelihle
53	Mncedisi Sydwell	Kibido	935	Zwelihle
54	Tembeni Jacob	Oway	936	Zwelihle
55	Zamayedwa W.	Ndlelankulu	937	Zwelihle
56	Pozina Celia	Makeleni	938	Zwelihle
57	Xoliswa Cashaln	Funani	939	Zwelihle
58	Ntombekhaya	George	940	Zwelihle
59	Sophia Christene	Shai	941	Zwelihle
60	Faiakhe Welcome	Mcinjana	942	Zwelihle
61	Nokwanda	Alam	943	Zwelihle
62	Nonceba Jean	Pike	944	Zwelihle
63	Mosedi	Ponoane	945	Zwelihle
64	Baliso	Josepi	946	Zwelihle
65	Nomthandazo E.	Ncapayi	947	Zwelihle
66	Mthuzimele	Mnganisa	948	Zwelihle
67	Jonathan	Spandiel	949	Zwelihle
68	Vuyokazi	Nxesi	950	Zwelihle
69	Ntombizanele D.	Hlazo	951	Zwelihle
70	Yoliswa Jubeleen	Maphoyi	952	Zwelihle
71	Alice Vuyelwa	Manqola	953	Zwelihle
72	Vuyelwa Margaret	Mantyi	954	Zwelihle
73	Nomqazeko	Lusiba	955	Zwelihle
74	Lee Pani	Fortewu	956	Zwelihle
75	Linda Nobom	George	957	Zwelihle
76	Selina	Ndzongani	958	Zwelihle
77	Zolile William	Tom	959	Zwelihle
78	Silumko David	Bula	960	Zwelihle
79	Nokuzola Barbara	Nggabe	961	Zwelihle
80	Mzibanzi D.	Nceka	962	Zwelihle

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ANNEXURE A 3 of 3					
81	Nomonde	Zweni	963	Zwelihle	
82	Priscilla Nombulelo	Alam	964	Zwelihle	
83	Zolile William	Mngini	965	Zwelihle	
84	Shakespear	Mahlombe	966	Zwelihle	
85	Hollford	Xolo	967	Zwelihle	
86	Mamafa	Zondani	968	Zwelihle	
87	Joseph Zuzani	Gavu	969	Zwelihle	
88	Them bani	Mcinjana	970	Zwelihle	
89	Cynthia	Klaasen	971	Zwelihle	
90	Rosemary	Ponoane	972	Zwelihle	
91	Tembekile	Hesewu	973	Zwelihle	

APPROVED AS AMENDED
 ITEM NO. 6.4 OF THE
 1ST SPECIAL MEETING OF THE
 EXECUTIVE COMMITTEE OF THE
 WESTERN CAPE HOUSING
 DEVELOPMENT BOARD
 HELD ON 16 FEBRUARY 2004


 CHAIRMAN

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- 6.4 HOSTELS REDEVELOPMENT PROGRAMME: HERMANUS: ZWELIHLE:
 APPLICATION FOR APPROVAL TO PROCEED AND COMPLETE THE HOSTELS
 PROJECT UNDER THE INCREASED SUBSIDY AMOUNT APPLICABLE AS FROM
 01 APRIL 2003: DEVELOPER: OVERSTRAND MUNICIPALITY: REF. NO.
 17/1/1/2/1/3/2047

The Board noted the concerns of the Chief Financial Officer, Mr P Bredekamp regarding the application submitted by the Developer: Overstrand Municipality for approved to complete the upgrading of the Zwelihle hostels under the increased subsidy amount applicable as from 01 April 2003. However, in view of the fact that on the 5th June 2003 the National Housing Department announced that the subsidy of R 20 300, 00 would be increased to 23 100, 00 as from the 01st April 2003 and the Hermanus: Zwelihle hostel project was approved by the Board on 03 June 2003 based on the old subsidy of R 20 300, 00, the Board:

Resolved that:

- (a) The Zwelihle hostel project be approved in the increased subsidy applicable as from 01 April 2003 in the subsidy amount of R 4 275 990, 00 comprised as follows:

66 Subsidies @ R 23 100, 00	R 1 986 600, 00
Variance for adverse conditions {36 x 0,15 x R 23 100, 00}	R 297 990, 00
S.C.C.C.A. Allowance for thermal performance {36 x R 3 900, 00}	<u>R 335 400, 00</u>
	R 2 619 990, 00
Plus: 90 New units completed	<u>R 1 656 000, 00</u>
Increased Subsidy Amount	<u>R 4 275 990, 00</u>

{i.e. R 3 750 014, 00 previously approved increased by R 525 975, 00}

- (b) The approval of the S.C.C.C.A. Allowance of R 3 900, 00 per unit is subject to:
- (i) All external walls to be plastered [12mm thick];
 - (ii) The provision of a 6.4mm thick gypsum plasterboard or equal approved ceiling; and
 - (iii) The installation of 80mm thick glass fibre or equal approved insulation in the ceiling;
- (c) The financial details contained in paragraph 4 of the report be approved;

PEACH HOUSES, ZWELIHLE

VALUATION ROLL : 01.07.2012

#	ERF NR	LAND	BUILDINGS	TOTAL
1	828	3 000	24 100	27 100
2	829	3 000	24 100	27 100
3	830	3 000	24 100	27 100
4	831	3 000	24 100	27 100
5	832	3 000	24 100	27 100
6	833	3 000	24 100	27 100
7	834	3 000	24 100	27 100
8	835	3 000	40 200	43 200
9	836	3 000	24 100	27 100
10	837	3 000	24 100	27 100
11	842	3 000	24 100	27 100
12	843	3 000	24 100	27 100
13	844	3 000	24 100	27 100
14	845	3 000	24 100	27 100
15	846	3 000	24 100	27 100
16	847	3 000	24 100	27 100
17	848	3 000	24 100	27 100
18	849	3 000	24 100	27 100
19	850	3 000	24 100	27 100
20	851	3 000	71 400	74 400
21	852	3 000	24 100	27 100
22	853	1 000	VACANT ERF	1 000
23	854	3 000	24 100	27 100
24	855	3 000	24 100	27 100
25	856	3 000	24 100	27 100
26	857	3 000	56 500	59 500
27	858	3 000	34 600	37 600
28	859	3 000	24 100	27 100
29	860	3 000	24 100	27 100
30	907	3 000	24 100	27 100
31	908	3 000	24 100	27 100
32	914	3 000	24 100	27 100
33	915	3 000	24 100	27 100
34	916	3 000	24 100	27 100
35	917	3 000	24 100	27 100
36	918	3 000	24 100	27 100
37	919	3 000	24 100	27 100
38	920	3 000	24 100	27 100
39	921	3 000	24 100	27 100
40	922	3 000	24 100	27 100
41	923	3 000	24 100	27 100
42	924	3 000	24 100	27 100
43	925	3 000	24 100	27 100
44	926	3 000	24 100	27 100
45	927	3 000	43 800	46 800
46	928	3 000	24 100	27 100

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47	929	3 000	24 100	27 100
48	930	3 000	24 100	27 100
49	931	3 000	24 100	27 100
50	932	3 000	24 100	27 100
51	933	3 000	24 100	27 100
52	934	3 000	24 100	27 100
53	935	3 000	24 100	27 100
54	936	3 000	24 100	27 100
55	937	3 000	24 100	27 100
56	938	3 000	24 100	27 100
57	939	3 000	24 100	27 100
58	940	3 000	24 100	27 100
59	941	3 000	24 100	27 100
60	942	3 000	24 100	27 100
61	943	3 000	24 100	27 100
62	944	3 000	24 100	27 100
63	945	3 000	24 100	27 100
64	946	3 000	24 100	27 100
65	947	3 000	24 100	27 100
66	948	3 000	24 100	27 100
67	949	3 000	24 100	27 100
68	950	3 000	24 100	27 100
69	951	3 000	24 100	27 100
70	952	3 000	24 700	27 700
71	953	3 000	24 100	27 100
72	954	3 000	24 100	27 100
73	955	3 000	24 100	27 100
74	956	3 000	28 100	31 100
75	957	3 000	24 100	27 100
76	958	3 000	24 100	27 100
77	959	3 000	24 100	27 100
78	960	3 000	24 100	27 100
79	961	3 000	24 100	27 100
80	962	3 000	24 100	27 100
81	963	3 000	24 100	27 100
82	964	3 000	24 100	27 100
83	965	3 000	30 800	33 800
84	966	3 000	24 100	27 100
85	967	3 000	24 100	27 100
86	968	3 000	24 100	27 100
87	969	3 000	24 100	27 100
88	970	3 000	24 100	27 100
89	971	3 000	24 100	27 100
90	972	3 000	24 100	27 100
91	973	3 000	24 100	27 100
				-
	TOTAL	271 000	2 306 300	2 577 300