The National Housing Code

SOCIAL & RENTAL INTERVENTIONS

Community Residential Units

Institutional Subsidies

Social Housing Policy

Subsidy Quantum - Social & Rental Interventions

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human settlements
Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

Volume 6

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human settlements

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PART A: POLICY FRAMEWORK

1 POLICY INTENT

1.1 The Community Residential Units (CRU) Programme aims to facilitate the provision of secure, stable rental tenure for lower income households. The programme seeks to bridge the divide between social housing rental and rental for lower income households.

1.2 The CRU programme targets low income persons and households earning below R5500 per month who are not able to access existing formal private rental and social housing market. The top household income threshold will however increase every three years based on a figure that represents the overall increase in income levels of typical households on these income groups and in line with the increase in Economic Cost Recovery rentals linked to the real increase in costs for providing the management and administration service.

1.3 The targeted potential beneficiaries are from a number of different existing accommodation:

- **Government and grey sector hostels** where occupants often live in overcrowded poor quality accommodation with poor services
- **Informal Settlements** without formal accommodation and often poorly serviced
- Households living **in poor quality and badly serviced back yard accommodation** and on **municipal waiting lists**
- Households living in **existing provincial municipal rental housing stock** that is not transferable under the EEBS and is historically poorly maintained

1.4 The programme provides a coherent framework for dealing with the many different forms of existing public sector residential accommodation. This includes:

- Existing municipal and provincial housing stock
- Hostels
- Greenfield
- Potential infill sites for development of public rental stock

1.5 The CRU programme is based on the provision of a capital subsidy to cover the full costs of any development or refurbishment and the long term planned maintenance of the stock. The operational costs are covered by an Economic Cost Recovery (ECR) rental paid by tenants.

1.6 The CRU programme replaces the "national hostel re-development programme" and the proposed "affordable rental housing programme". It is is complementary to, and runs in parallel to the national social housing programme but serves a different target market. It should also been seen as an option in phase 4 of the "informal settlement upgrading programme" and as a long-term option in cases where "emergency housing" has been provided by government. The programme should be seen as forming a basis for stepping or transitioning informal and inadequately housed tenants into the formal housing market The programme will provide for a variety of accommodation options in order to facilitate and address access by the target market and demands and needs of the target market. While it specifically provides for rental accommodation in the instance of hostel redevelopment it should be used in conjunction with other government programmes promoting ownership e.g. BNG

1.7 The provision of the rental accommodation is dependent upon the beneficiaries willingness and ability to pay Economic Cost Recovery (ECR) rentals. Where they are not able to afford these then it is the responsibility of the municipality to provide explicit additional operational subsidy from clearly defined sources.

2 SCOPE OF THE CRU PROGRAMME

2.1 The CRU programme will cover:

a) Public hostels that are owned by Provincial Departments and municipalities;
b) "Grey" hostels which are hostel that have both a public and private ownership component due to historical reasons;
c) Public housing stock that forms part of the "Enhanced Extended Discount Benefit Scheme" but which cannot be transferred to individual ownership and has to be managed as rental accommodation by the public owner;
d) Post 1994 newly developed public residential accommodation owned by Provincial Departments and municipalities; and
e) Existing dysfunctional, abandoned, and/or distressed buildings in inner city or township areas that have been taken over by a municipality and funded by housing funds. Where these are unoccupied they will be developed through the Social Housing Programme as elaborated in f0 below.

f) Greenfield and infill land owned by municipalities and provinces that are assessed as suitable for development of rental housing under CRU. However such land development will be undertaken through the Social Housing Programme to accredited Social Housing institutions that will hold the land on a minimum of 35 year leasehold arrangement. Until this is incorporated into the rules of the Social Housing programme the money for such projects will be channeled through the National entity responsible for SH RCG financing and will be managed by them specifically for the identified CRU project with the assessment and rules applicable to SH.

2.2 Hostels or residential accommodation owned by Provincial Departments and municipalities that are being solely used to accommodate public sector employees will not form part of the CRU programme.

3 OBJECTIVES OF THE CRU PROGRAMME

3.1 The objectives of the programme will be to:

a. Provide affordable rental accommodation for lower income groups not viably serviced by other government financed rental or ownership housing programmes;
b. Stabilise the housing environment and market especially in township, suburb and inner city areas;
c. Support the integration of public housing into the broader housing market and environment;
d. Ensure the creation of sustainable public housing assets or those financed all or in part by government;
e. Address dysfunctional and/or distressed buildings in cities;

4 PRINCIPLES OF THE CRU PROGRAMME

4.1 The CRU programme should:

a) Provide a secure, stable rental housing tenure for low income person and households;
b) Should provide good quality and well managed rental accommodation affordable to the low income market
c) Provide the well structured institutional management of the stock and linked tenancies that ensure that tenant's make Economic Cost Recovery contributions to the running of the stock
d) Facilitate communication and participation/inclusion of residents throughout the process

e) Facilitate choice by providing a variety of rental housing accommodation options alongside ownership alternatives where appropriate;
f) Ensure equity as far as possible through the application, implementation and management of the programme;
g) Provide a secure, stable rental housing tenure for low income person and households; and
h) Provide and ensure a realistic funding programme for this housing in order to ensure viable, long term rental charge structures for the tenants of properties built under this programme.
i) households from an informal and inadequate housing situation into the formal housing market
j) Provide a well managed environment in which low income households can make an affordable contribution to the cost of their formal housing

5 TARGET MARKET OF THE CRU PROGRAMME

5.1 The target market of the CRU programme will be:

a) Existing residents in the government housing and hostel stock are the primary target market. This includes both subsidy qualifiers and non-qualifiers. Subsidy qualifiers will have the choice between the CRU rental housing option or moving to a home ownership option through one of the other national housing programmes.
b) Displaced persons from informal settlement upgrading, eviction processes, etc.
c) New applicants who are qualifying beneficiaries from the provincial or municipal housing waiting list earning a household income equal to or less than the income threshold annually announced by the Minister and able and willing to pay the set Economic Cost Recovery rental. New applicants looking for immediate individual ownership will not form part of the CRU programme.
d) Qualifying indigent groups would also qualify for the housing but they must be able to pay some form of rental and services/utilities. The residual amount required to ensure Economic Cost Recovery rental must be provided as an explicit and guaranteed subsidy from the municipality

6 OWNERSHIP OF THE HOUSING STOCK

6.1 The housing stock funded by the CRU programme must be owned either a provincial department, a municipality or a Social Housing Institution accredited by the SHRA for the development and management of stock.

6.2 The housing stock funded by the CRU programme should remain in public ownership or under controlled ownership of accreditated SHI's on the basis of a long term lease of at least 35 years and cannot be sold or transferred to individual residents. Residents therefore have no pre-emptive right to purchase the housing stock.

6.3 Ownership of the existing housing stock should be transferred from a provincial department to a municipality, in terms of the provisions of the Housing Act, 1997.

7 MANAGEMENT OF THE HOUSING STOCK

7.1 A municipality can choose to manage the housing stock in-house or outsource the management to an accredited Social Housing Institution; a private company or a municipal entity as long as all costs related to the units forming part of a specific scheme can be financed within the operating budget for the specific housing stock. Also that the option chosen ensures the effective and efficient management of the stock and linked tenancies.

7.2 A Provincial Department can make the same choice about management of the stock as a municipality(see 7.1 above)

8 APPROACH TO THE HOUSING STOCK

8.1 The CRU programme will require both the provincial department and the municipality to audit all its existing housing stock, on a phased basis for municipalities/provinces with a rental stock holding of greater than 10 000 units, to determine the most appropriate approach for dealing with the individual rental schemes. Within this audit, municipalities may also identify land and/or buildings that provide opportunity for the development of new housing stock. Once the audit has been completed, the most appropriate CRU development options should be selected.

8.2 The CRU programme will have the following primary development options for existing and new housing stock. The definitions of the terms are provided in the following table:

OPTION NO.		INTERVENTION
1		Stabilisation
2	2.1	Simple demolition of single-storey buildings, and site rehabilitation to rid sites of undesirable structures and/or to prepare for new build infill
	2.2	Medium complex demolition of double storey buildings with flat slabs on load-bearing brickwork, and site rehabilitation to rid sites of undesirable structures and/or to prepare for new build infill
	2.3	Complex demolition of multi- storey buildings (2-4 storey walk-ups) with reinforced concrete framed structures, and site rehabilitation to rid sites of undesirable structures and/or to prepare for new build infill
3	3.1	Basic refurbishment – no upgrade (repair and re-decorate existing, including simultaneous upgrade of specifications), following stabilisation where required
	3.2	Upgrade refurbishment (repair and re-decorate existing without upgrade), following stabilisation where required
4	4.1	Hostel conversion: dormitories to self-contained units
	4.2	Simple conversion of existing inner city buildings (residential to residential e.g. hotels to flats)
	4.3	Complex conversion of existing inner city buildings (other use to residential e.g. offices to flats)
5	5.1	New build infill on existing sites – single storey
	5.2	New build infill on existing sites – two to four storey walk-ups, conventional foundations
	5.3	New build infill on existing sites – two to four storey walk-ups, piled foundations
6	6.1	New build on greenfields sites – single storey
	6.2	New build infill on existing sites – two to four storey walk-ups, conventional foundations
	6.3	New build infill on existing sites – two to four storey walk-ups, piled foundations
7		Long-term capital maintenance for all of the above

8.3 Where the CRU programme is implemented on a hostel or other site with existing occupants, careful consultation and assessment using the 'feasibility' (see 9.4) and 'consultation' elements of the grant. This is required to ensure that the most appropriate choice is made between ownership and rental options to ensure the long term sustainability of the use of the finished product. This means that ownership and CRU rental can be incorporated in a single project if this makes it more sustainable for the occupants and government. However the ownership part of the development must be funded through the relevant government 'ownership' programme save for the elements referred to above and the cost of demolition referred to in 9.5 .

9 FUNDING ARRANGEMENTS FOR THE CRU PROGRAMME

9.1 The CRU programme aims to achieve a viable sustainable public asset, using as a base measure and principle the grant funding of the capital cost while charging of cost-recovery rentals to cover the operational cost o managing the stock and linked tenancies. Given the target market that the programme will be serving, it might also be necessary for the property owner to provide some form of rent relief assistance to the occupants of the housing. Where this is done it must be explicit in the planning of the project and the source and amount of such financing must be clearly identified and its continued availability formally confirmed.

9.2 The CRU programme will provide funding for the capital costs of project development and future long-term capital maintenance costs. The programme does not provided for any land acquisition and/or purchase costs, given that most of the properties would be in the ownership of the province or municipality already. In cases where properties have to be purchased the costs will have to be carried by the province and/or the municipality prior to participation in the CRU programme.

9.3 The CRU programme will provide funding for facilitation to ensure that the communication and participation processes are included in all projects where there are existing occupants.

9.4 The CRU programme will also cover the cost of the feasibility of a development. This is intended to ensure that the project is properly tested for both viability and sustainability given the specific beneficiaries to which it is targeted. On hostel redevelopment this feasibility can also determine to what extent government financed ownership options are more appropriate choices.

9.5 In instances where a government financed ownership option is more viable and sustainable on an existing occupied hostel site the CRU demolition grant can be used to demolish existing hostel structures in preparation for the construction of the ownership housing.

9.6 Costs not associated with development/refurbishing of the properties will not be funded by the CRU programme and are the responsibility of the owner of the housing stock and have to be covered by the rental income collected. The property owner will also have to decide on the nature and format of the rent relief assistance that will be provided to the tenants in the projects from its own resources subject to proviso in 9.1.

9.7 Capital project funding:

9.7.1 The capital project funding or CRU subsidy will be calculated to cover the total project development cost for each of the development options outlined in section 8.2 above. The funding will be sourced from the annual housing funding allocation to provincial governments by the Minister in terms of DORA.

9.7.2 The development options can be applied in the following ways to the different types of housing stock.

RE/DEVELOPMENT OPTION	TYPE OF STOCK APPLIED TO:			
	Hostels – public and grey sectors	Balance of EEDBS (flats not transferred)	Post 1994 new public stock	Existing inner city buildings
1. Stabilisation intervention				
2. Demolition and site rehabilitation	2.1 Simple	2.1 Simple		2.1 Simple
	2.2 Medium complex	2.2 Medium complex		2.2 Medium complex
	2.3 Complex	2.3 Complex		2.3 Complex
3. Refurbishment	3.1 Basic	3.1 Basic		3.1 Basic
	3.2 Upgrade	3.2 Upgrade		3.2 Upgrade
4. Conversion	4.1 Hostels			4.2 Simple
				4.3 Complex
5. New build infill on existing site	5.1 Single storey			
	5.2 Walk-ups, conventional foundations			
	5.3 Walk-ups, piled foundations			
6. New build on greenfields site			6.1 Single storey	
			6.2 Walk-ups, conventional foundations	
			6.3 Walk-ups, piled foundations	
7. Long-term capital maintenance				

9.7.3 Although the original condition of a facility (poor/fair) has some influence on the cost of refurbishment and conversion, no distinction is made in the rates applicable to those options for the original condition. The problem is that in assessing original condition, the

categorisation into poor or fair becomes to some extent a discretionary call, especially in marginal cases. Also conversion usually entails such an extent of removal and simultaneous rehabilitation of existing work, that the importance of the original condition is to a certain extent negated (except with regard to site services). The estimated capital cost rates given make provision therefore, for an average degree of remedial work to site services, but do not cover major or complete replacement of site services, which must be carried out by the municipality under another programme/funding arrangement.

9.7.4 Strictly speaking allowances for long-term capital maintenance would also be influenced by the type of facility, the original condition of the refurbished/converted facility, and the extent and quality of rehabilitation work done on it, but this probably gets too complicated to quantify and assess. Only one standard amount for each type is therefore, suggested.

9.7.5 Hostel re-development projects may in the first place consist of a mixture of government assisted rental and ownership e.g. CRU rental blocks and medium density freehold ownership units. Where the ownership is a partial solution on such projects the financing of such units will follow the rules of the government ownership programme under which it is developed. However the CRU allocation for feasibility consultation, demolition and relocation will apply unless it is already covered in the rules of the ownership programme.

The CRU element of hostel re-development projects may comprise one or more of the following options in one project in varying combinations i.e. a mix of:

a) Partial or complete demolition and site rehabilitation;

b) Refurbishment; and/or

c) Conversion; and/or

d) New build (infill).

It is suggested that applications for re-development have a summary sheet for total project cost, and separate sections for each of the standard component options

9.7.6 No options are provided for conversion, or new build infill of existing EEDBS, only for their stabilisation, refurbishment and long term capital maintenance. It is assumed conversion is not required as they already have the appropriate use.

9.7.7 When existing facilities (hostels, council-owned flats, inner city buildings) are assessed for further redevelopment options, the outcome will be one of three possibilities:

a) Demolish – not worth saving
b) Save for redevelopment, but apply stabilisation intervention immediately
c) Save for redevelopment, stabilisation not required

9.7.8 The rates for redevelopment options 3 (refurbishment), and 4 (conversion) are based on the assumption that buildings either are in a safe and functional state, or if not, that the stabilisation intervention will be applied first.

9.7.9 In the cases where 9.3.7 (b) applies, the municipality will apply for the stabilisation grant first, and then for the refurbishment and/or conversion grants.

9.7.10 Demolition of medium to high-rise buildings (4 to 13 storeys) with reinforced concrete or steel structural frame with infill walls, and with major installations that need removal such as lifts, boilers, air conditioning plant, strongrooms and safes, central kitchens and laundries with stacks is to difficult to cost for on a standard rate and may in any case never be required. For such buildings in densely built-up areas the only practical method might be implosion. This is a highly specialised technique carried out by experts. The structure is first stripped as usual, then flattened to a pile of rubble by carefully controlled implosion, and the rubble loaded with heavy equipment and removed to dumping sites. It is however, unlikely to happen under this programme. No option for that is therefore, included. If required it is suggested that it be treated as a special case, and that funding is provided on the basis of specific cost estimates.

9.7.11 It is possible that a local authority may consider the possibility of medium to high-rise new build projects in inner city areas. Rates for such buildings are influenced by too many variables depending on the actual height (special foundations, wind loadings, number and speed of lifts, fire safety measures) for it to be practical to give a standard rate. This option is therefore, not provided. Again If required it is suggested that it be treated as a special case, and that funding is provided on the basis of specific cost estimates

9.7.12 The CRU capital grant will be escalated annually in terms of building cost escalation by the National Department. The capital funding should be applied for per phase or block of the project where possible to accommodate project cost escalations appropriately.

9.7.13 Long-term capital or major maintenance funding can be access through the CRU programme as well once project development using the CRU subsidy has been completed and a period of minimum 5 years has passed. The funding will be available only for the first minimum 5 year period following completion of the intervention, to assist with the proper maintenance of the housing asset initially.This does not negate the responsibility of the property owner to provide general and emergency maintenance as part of the ongoing operating and management of the property. Long- term capital maintenance funding will not be able to cover the costs of a building that has been neglected and/or poorly managed by the property owner.

9.7.14 The long-term capital or major maintenance funding will be accessed through application to the provinces using as a basis an objective and justifiable assessment of the property at the time outlining the capital maintenance needs.

9.7.15 The Annexures outline the specific requirements for each of the development options available in the programme.

9.4 Funding for the refurbishment of existing government rental stock

Where this option is undertaken on stock already occupied by tenants who have already had the advantage of historical subsidy staying in the stock and new stock is not created the Province should place a cap on the amount that can be spent per unit. This should be pegged at the cost of health and safety and basic building stabilization.

In addition the Province or municipality to ensure that no more than 20% of its total allocation for CRU should be spent on such refurbishment to prevent large allocation of CRU finance that do not provide new housing opportunities.

9.5 Operating funding

9.5.1 Operating costs should include all administrative and management costs incurred in the management of stock and linked tenancies through the life of the building. The detailed items are outlined in 9.6.3 below. Funding of operating costs must come from the rental income collected by the owner. The projected costs and its implications to the affordability of the targeted population need to be calculated and included in the "Business Plan' of the project. Where the management cost exceeds the affordability levels of the targeted tenants and there is no explicit guarantee of the additional financial assistance then the capital part of the CRU project should not proceed.

9.5.2 Given that lower income groups will be occupying the CRU housing stock, situations will arise where some relief assistance may have to be provided by the property owner to the tenants to cover the total ECR rental. Any such assistance need to be explicit. The basis of the rent rent relief must be quantified and specified in the project business plan and in relevant provincial or municipal policy before it is offerd to tenants.

9.5.3. Rent setting needs to be done in such a manner to ensure that operating costs are covered but also ensuring affordability for the target market. Therefore Economic Cost Recovery (ECR) rental will apply. The calculation of cost of operating the stock and tenancies required for the setting of rentals will include the following input costs as well as any other that contribute to the cost of managing the tenanted CRU development:

Administration

- Cost of rental collection and arreas management
- Cost of legal action where not recharged
- Cost of tenanting buildings
- Cost of overall financial management
- Cost of communication
- Cost of offices, equipment and perishables
- Support staffing costs

Management of Asset and Tenancies

- Rates and taxes where applicable
- Communal Area Utilities
- Reactive Maintenance

- Planned maintenance - This element is only included in the cost if the CRU programme does not provide a separate capital subsidy for this)
- Caretaking
- Cleaning
- Gardening
- Security
- Building insurance where applicable

9.5.4 **The cost recovery rental per unit will be calculated as follows**

i) The total annual estimated cost of all cost inputs as in 9.5.3 require calculation.

ii) This will then be divided into a m2 charge using the m2 of the habitable units in the development.

iii) The rental charge per unit is then determined by the m2 per unit x by the caluculated cost per m2. stock and dividing it by the total m^2 of housing stock that the municipality or provincial department owns.

a) All tenants will be charged the same m^2 rate except where conditions outlined in b) below . The calculation of the rental and the m^2 rate should be clearly communicated to the potential beneficiaries as a part of the consultation process

b) In order to differentiate and address issues of location and environment that are rental property specific the owner must, on a sustainable and affordable basis, incorporate premiums (to be applied as an add-on to the standard rental) that address well located properties, well maintained properties, properties in a safe environment *AND* deductions (to be deducted from the standard rental charge) that address shared facilities, no hot water cylinders. These premiums and deductions should be self balancing, in terms of the net of the sum of the applicable tariff assigned to each of these items, across the rental stock portfolio of the province/municipality. The province/municipality will have to provide a policy to specify the premiums and deductions and the justification /basis for introducing them.

9.5.5 Annual rent increases will relate to reasonable operating cost increases. These increases are set amounts from treasury that have to be applied by all municipalities and provincial departments.

9.5.6 Rates and taxes should be captured in the operating budget for the stock and will therefore be provided in the rentals. Municipalities should however look to reducing or forgoing rates and taxes on this public stock where possible to facilitate affordability for the target market

9.5.7 Electricity on individual units should be collected through the installation of pre-paid meters. Common area electricity costs should be included in the operating budget and therefore captured in the rental

9.5.8 Water usage to individual units will be controlled through flow- meters installed on each unit. The cost of water usage in common areas should be included in the operating budget and therefore recovered from the rentals.

9.5.9 The responsibility for proper efficient management of the housing stock will rest with the owner of the property. In cases where rental rrears exist prior to redevelopment, the authority should deal with this in terms of PFMA, MFMA and MSA. In the same manner the authority have to deal with new arrears that arise post-redevelopment.

10 SPECIAL CIRCUMSTANCES AND CONDITIONS

10.1 The Geo-technical variation will apply to New build infill and new build greenfields options. Where walk-ups are built on piles application must be made for actual cost variation over and above standard foundations, motivated with engineer's reports. The rates for the geotech variation (not on piles) applicable are as follows:

10.1.1 For areas/projects that qualify for 7,5%: R142.00/m^2

10.1.2 For areas/projects that qualify for 15%: R286.00/m^2

10.2 SCCCA makes provision for ceilings, insulation in the ceilings and plastering of external walls to 2.4m height. The specifications for the CRU programme already include these elements.

10.3 The disability allowances outlined in the Housing code will apply to the CRU

programme.

10.4 VAT will apply to the CRU programme. As these are rental properties, input VAT can be claimed by output VAT cannot be charged.

10.5 Municipalities may use municipal entities to oversee the implementation of the CRU programme and to manage the housing stock as an agency of the municipality. The municipality should however retain ownership of the housing stock. In case where municipal entities are used for this purpose, the operating funding should be properly provided for as well as the measures for rent relief support where this will apply.

10.6 There might be circumstances where housing stock has been transferred to individual beneficiaries through sectional title ownership, where not all of the residents take ownership of the units and the PD or municipality remains as one of the sectional title owners. The CRU programme will not be applied to this housing stock. Housing stock that the provinces and local authorities are not able to sell will remain rental stock and form part of the CRU programme.

(Note: The text below is not yet part of the Guidelines. It is included for discussion around the main recommendation of the recent review of the programme that Greenfields CRU developments be linked to the social housing programme)

POTENTIAL APPROACHES TO CRU GREENFIELD DEVELOPMENTS THROUGH SHIs

Under the original CRU policy the CRU programme included the development of GreeNfield land where there were no in situ beneficiaries. In the recent review it was recommended that the development of such sites and also buildings with no occupants should now be incorporated into the Social Housing Programme. There are 2 primary ways of doing this:

OPTION 1: MUNICIPAL TRANSFER OF FINANCING TO THE SH FINANCING AGENCY

Under this approach the Municipality and/or Province identifies the land and or building for a CRU project and has it ratified and the finances are made available on the basis of the agreed policy.

However at first only the feasibility finances are transferred to the financing agency responsible for Social Housing. This institution then manages the full feasibility process which includes the decision as to whether or not to proceed with the project. As part of this feasibility a suitable SHI is identified to facilitate the development and undertake the management of the stock. At this point the remainder of the financing is transferred to SH Financing Entity to ensure the appointed SHI manages the contracting and overview of the development. The financing entity releases payment on the basis of agreement within the CRU contract.

Upon completion of the units the SHI takes on responsibility for the management of the units and linked tenancy within the existing CRU framework of ECR Rentals. The SHRA monitors the performance of the SHI on the basis of this. The land or building is transferred on a medium to long term leasehold to the SHI 1.e. 10 – 40 years. If the long term maintenance payments under the CRU scheme are available they are paid from the Province to the funding entity who release it to the SHI on the basis of the conditionality of the financing.

IF it is not possible, during the project feasibility stage, to identify an SHI or other management agent with the capacity to undertake to long term sustainable management of the stock the project will not proceed. In such a case the maximum transfer to the entity would be the amount for the 2 stages of the feasibility and some of the grant for consultation as per thee financing framework.

OPTION 2: TOTAL INCORPORATION INTO THE SOCIAL HOUSING PROGRAMME

In this instance the CRU income target group is incorporated as a separate group within the Social Housing Programme and the CRU financing framework is used for such projects. It can be applied in 2 ways:

1. As a complete CRU project on land or building supplied by the municipality or Province.
2. Of a part of the income mix for a project where the other units are for social housing affordability bands and where part of the finances allocated are from the CRU programme via the province or municipality.

In either of these cases the land and or building is held by the SHI on a medium to long term lease. The capital financing for the units come from the municipality or province on the basis of the CRU allocation policy.

In this instance the SH Programme changes its income band categories to include one that matches that of CRU and permits a grant that covers the full capital cost and some of the long term maintenance contributions. The financing for it are top sliced from the existing Provincial budgets and incorporated into the SH Financing Entities total grant amount. SHIs can apply to get the larger grant for up to 50% of a potential project where land is supplied by the municipality and held on a medium to long term basis by the SHI.

The project sustainability is assessed on the usual SHI criteria and the allocations made in accordance with the revised SH criteria that includes the lower income band category. However this can only happen on govt land which goes to an SHI on a medium or long term lease.

If such land is outside of a Restructuring Zone In such instances the whole project must be financed from CRU and cannot use SH RCG for any of the units

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human settlements
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PART B: PROGRAMME GUIDELINES

NOTE:
A COMPREHENSIVE TOOLKIT FOR IMPLEMENTATION OF THE CRU PROGRAMME WAS DEVELOPED BY THE SOCIAL HOUSING FOUNDATION IN 2010

IT IS SUGGESTED THAT THE TOOLKIT ~~REPLACE THIS SECTION IN ITS ENTIRETY~~ IS USED AS A COMPANION TO THESE GUIDELINES AS IT CONTAINS MORE DETAILED PROCEDURES, TEMPLATES AND FORMS FOR USE IN THE IMPLEMENTATION PROCESS

THE TOOLKIT ~~IS PRESENTED TOGETHER WITH THESE GUIDELINES~~ CAN BE DOWNLOADED FROM THE WEBSITE OF THE SHRA FOR EVALUATION AND A DECISION ON THE SUGGESTION ABOVE. THE WEB ADDRESS IS:

www.shra.org.za, go to Resource Centre – Toolkits – Social Housing Institutions – Community Residential Units (There is also a Public Sector Toolkit, containing general guidelines for running rental programmes for Provinces and Municipalities which may be useful, but not part of this exercise)

THE TOOLKIT MAY REQUIRE MINOR ADJUSTMENTS AND UPDATES FOLLOWING THE RECOMMENDATIONS OF THE RECENT REVIEW, AND THIS TEAM IS PREPARED TO UNDERTAKE SUCH UPDATE AS PART OF THIS ASSIGNMENT

The programme guidelines outline the processes and procedures for:

a) Housing stock audits for the identification of relevant housing stock to be included in the CRU programme;

b) Application for the CRU funding;

c) Disbursement of the CRU funding;

d) Project development;

e) Property management; and

f) Ongoing monitoring and reporting on the properties.

The guidelines also outline the roles and responsibilities of the different spheres of government in the programme.

1 IDENTIFYING THE RELEVANT HOUSING STOCK AND ITS CONDITION

1.1 In order to complete the application requirements for the CRU programme, the PD and the municipality will be required to audit the housing stock. This audit may be undertaken on a phased basis where the stock holding of the owner is greater than 10 000 units. The housing stock audits should yield the basic minimum information to inform (1) the strategy of dealing with the existing housing stock and (2) the development option that will be utilised within the CRU programme (with reference to Part A, section 8). This audit for the basis for provincial and municipal planning and applications for the CRU programme funding.

1.2 The housing stock audit should provide:

a) Clarity on what is PD and what is municipally-owned housing stock. In cases where no such information exists it must be attained. There must also be clarity on land ownership, building ownership and maintenance arrangements. Where necessary, decisions must be reached as to responsibility.

b) The actual number of housing units per building/projects etc. must be on record. The Surveyor General information must also be accessed to obtain original building plans and subsequent plan changes.

c) A register of the condition, quality and maintenance needs of each of the buildings and each of the housing units.

d) All the associated costs/debts/arrears that exist for the housing unit per building/project.

e) In cases were records exist, verification procedures must be put in place, these will take the form of actual visits to the appropriate sites, where the details of the unit will be recorded i.e. size, m², condition/quality, tenant etc.;

f) This process will be fruitless unless we simultaneously undertake a census of current occupants, including income profile of residents. We need to obtain a sense of who we need to accommodate in what typologies and how to deal with non-qualifiers. The ultimate result will be tenant regularisation.

1.3 The province must communicate the approval of the Provinces Development programme by the MEC to the municipalities in order that detailed planning, project packaging and budgeting can be done at municipal level to accommodate the projects.

1.4 Following the housing stock audit and the decision on the development and agreement by the owner on the strategy or approach for dealing with the housing stock, feasibility studies should be conducted on the housing stock that will be developed through the CRU programme. The minimum requirements for the feasibility studies are outlined per development option in Annexure D.

2 APPLICATION FOR PROGRAMME FUNDING

2.1 The application form contained in the Annexures should be completed together with the supporting documentation and sent to the PD following approval of the inclusion of the project in the Provinces development programme. In the case of provincial housing stock, the application and supporting documentation should still be provided and completed and captured in the HSS system in order for ND to track the project process and applications. This must not however delay the approval and funding of the overall project.

2.2 The PD should ensure that CRU funding commitments provide funding for both provincial and municipal housing stock, so that both tiers of government are able to develop their housing stock. It must be borne in mind that ND will transfer these funds to PD who will channel the funds to municipalities (until accreditation).

2.3 Once an individual project application has been approved by the MEC of the province a letter of commitment for the funding should be provided to the municipality. The municipality/province will fund this programme from its annual DORA allocation, with reference to section 3 below.

3 DISBURSEMENT OF THE PROGRAMME FUNDING

3.1 The CRU capital grant will be disbursed by the provincial department and the funding provision will have to be made in the provincial budgets and business plans for the CRU programme on an annual basis.

3.2 To enable the consistent and continuous redevelopment of this housing stock the province should consider providing firm funding commitments to municipalities for project funding in cases where they might not have current funding available within their budgets. This will enable the municipalities to bridge fund the redevelopment of the housing and recoup the funding from the provinces at a later

stage.

CRU Programme. They may, however wish to include them in the Long term Maintenance programme as this facility was not available previously.

4 PROJECT MANAGEMENT AND FACILITATION

4.1 Standard project procurement processes as required by the PFMA, MFMA, MSA must apply at all interfaces between the organ of state and the supplier of housing goods and services.

4.2 The project development process should cover:

a) Inception and detailed feasibility;

b) Normalising and regularising of residents (in case of existing stock) and communication with residents and resident representative structures;

c) Design or re-design;

d) Contracting and commissioning; and

e) Handover and completion of the project.

4.3 Preference should be given to community contractors and/or emerging contractors, who have a successful track record, where possible for the CRU projects and appropriate risk management procedures should be put in place to manage the quality of the work.

4.4 The property owner will be responsible for informing residents of the development and ensuring their participation in the project development process as far as possible and necessary.

5 PROPERTY MANAGEMENT

5.1 Past experience has taught us that projects in this programme were not managed well and were dealt with piecemeal. The stock has gradually deteriorated to the point that some units need to be demolished. There are some pockets of good practice, but they are few and far between. In order for us to avoid repetition of the same mistakes, we must consider options for Property/Facilities Management. This is the only way we can justify the huge expenditure we will be investing.

5.2 The PD and/or municipality as the property owner will be responsible for ensuring that a proper property management and rent collection system

is in place for the management of the housing stock.

5.3 The PD and/or municipality must ensure the signing of leases that are in compliance with the Rental Housing Act with the tenants before occupation of the accommodation. New leases must be signed in every instance. Where municipalities are owners, one lease can be used for both rental and consumption of services. Where PD is the owner, the lease may only cover rental, whilst a separate contract is signed with municipality for services.

5.4 Property management may be outsourced to a private company or municipal entity as long as sufficient operating funding is provided for to cover the costs of the outsourcing. The municipality or PD will have to follow PFMA and/or MFMA, MSA procedures and requirements for the procurement of the property management service providers. This implies that a financial viability model must be created per hostel, block or group of units. Without pre-empting any individual decision to be taken we would like to indicate some of the options

5.4.1 Property and Facilities Management by current management unit: In some instances municipalities and provinces have sufficient skill to adequately manage stock. There may also be plans to progressively upskill the current team to optimise efficiency. It must be borne in mind that these units, if well maintained, will develop value over time and the municipality may feel that it is best managed from within. The municipality may have to invest further to add capacity and skills to the existing unit. The proposal may also be attractive because the rent charged does not have to service debt, but only cost-recovery.

5.4.2 Outsourcing to an established Property/Facilities management entity: The private sector has established players in this sphere who manage tens of thousands of units of significant value. This may be seen as a scaled-down PPP arrangement. Municipalities introduce private sector management standards into public housing. The attractiveness and eventually the value of these units will increase. The private sector will be drawn to this because of the “no-debt” factor as well as the provision for long-term maintenance. Ownership still vests with municipalities/provinces, which can focus on their core functions. After the management period expires, decisions can be taken whether to extend the engagement or other alternatives. Municipalities could make arrangements for any “redundant” staff to be taken over by the outsourcing agent. This has worked well overseas.

5.4.3 Outsourcing to Social Housing Institutions: This scenario is similar to the above but the entity involved also looks at a sector of government-

assisted housing (albeit for a different income market). SHI's have battled to get projects off the ground, and this may be the perfect example for them to cut their teeth in the property sector, or gain a project that is not burdened by debt. Provinces/municipalities may consider management proposals after completion of the capital works portion, from accredited SHI's with whom they already have a relationship. Tenants will also feel that they will not be at the mercy of unscrupulous landlords because SHI's must have government's interests at heart. The danger here is the current capacity and skill of SHI's. They may be willing to manage, but may not have the skill and capacity.

5.4.4 Outsourcing to municipal entity: Many municipalities have created and are busy creating utility-type municipal entities that focus on core areas of delivery. In the event that a specialist municipal entity exists, the same management arrangement as proposed above is applicable. Municipalities may even consider transferring the units to the municipal entity to give them an asset base. These plans must be made clear during the planning phases so the ND, the Advisory Team and the Provincial Task Team can guide and consider the effectiveness of the investment.

5.5 The private property management company, SHI or municipal entity must have demonstrated capacity and skills in the following areas:

a) Understanding of the full scale of maintenance (preventative, scheduled, non-scheduled, emergency etc);

b) Legal skills to handle leases (this will be a necessity) and evictions;

c) Financial skills to manage rent collections, cashflows, creditors, debtors and banking;

d) A robust, reliable and accurate tenant management system (Technical/IT skill);

e) Tenant Liaison skills – manage tenant choice, education and qualification criteria;

f) An understanding of market-related building material supply;

g) Understanding of Health and Safety Standards (including fire evacuation);

h) Understanding of Access Control;

i) Ethnic Tolerance; and

j) Understanding the workings of the Rental Tribunal.

5.6 Where possible, the EPWP procurement should be used for

the maintenance, caretaking, and cleaning services required for the properties. This will ensure local contractors participation in the servicing and/or maintenance of the buildings. NHBRC registration and CIDB programme service providers are also relevant.

5.7 The PD and/or municipality needs to ensure regular communication and/or participation by tenants in the management of the property. This is absolutely vital. Projects have been abandoned, sabotaged and there was even loss of life in the past. A comprehensive Communication Plan is necessary. It should entail:-

a) Roadshow to obtain Provincial and Municipal buy-in before rollout;

b) Engagement of Resident/Tenant Associations, especially for presentation of conceptual designs;

c) Media releases, leaflets and radio slots; and

d) It may be wise to choose pilot projects in each province/municipality so that we can fine-tune or tweak procedures.

6 PROGRAMME MANAGEMENT ARRANGEMENTS

6.1 In order for the programme to not run into the same hurdles and deadlocks experienced in the past sufficient attention must be spent looking at implementation and property management capacity at the different levels of government.

6.2 ND will consider creating a CRU Advisory Team specific for this programme considering that at conservative estimates, some R2b rand will be spent over 5-8 years. The intervention is necessary in light of the fact that the relevant Chief Directorate is not fully capacitated, but even if fully capacitated will still need recourse to a group of advisors/experts. This group should be independent and should be funded from the programme itself. This team should cover a broad base of skills:

- Community Building and Communications;
- EPWP and BBBEE and local Building material suppliers;
- Professionals (Spatial Planners, QS's Architects, Engineers etc);
- Facilities Management;
- Financial; and
- Legal.

6.3 Provinces should also create a CRU Task Team made up of representatives from province and municipalities so that prioritisation and planning is not

compromised. This team must sit at least monthly and report and cross-share experiences and dangers. This will go a long way to addressing capacitation issues. Municipalities that were isolated can now interact in a broader forum and receive skills transfer based on best practice.

6.4 Municipalities are at the coalface of delivery and should therefore be adequately capacitated to manage this programme. Any lack of sufficient skill must be brought to the attention of the provincial Task Team who must indicate in their planning and project documents how this will be addressed. Other options regarding management must also be investigated including PPP's, Co-sourcing and Outsourcing so that we don't go on an unnecessary staffing exercise. The Advisory Team will also be expected to assist on choosing the best management method.

7 MONITORING AND REPORTING ON THE PROGRAMME

7.1 The application form and reporting schedule in the Annexures serves as the monitoring and reporting templates for this programme and need to be completed on a quarterly basis.

7.2 No CRU programme funding may be disbursed unless the HSS system has been updated with the project information by the provinces.

7.3 The successful rollout of the capital works portion will determine the long-term maintenance portion to be implemented after 5 years.

8 ROLES AND RESPONSIBILITIES

8.1 National Department:

a) Approval and maintenance of CRU Programme and Guidelines;

b) Overall Communication Plan and Workshops and Roadshows of CRU Programme;

c) Possible creation of a body of expertise (similar to TRG) to facilitate and support the CRU programme and ensure the necessary capacity is in place to manage the programme;

d) Overall Oversight and reporting on the programme; and

e) Consider a sub-programme that looks at Tenant Education.

8.2 Provincial Departments:

a) Conducting of audit and confirmation of ownership;

b) Communication with municipalities, residents associations and tenants;

c) Consolidation of audits for province and municipalities and

responsibility for application for funding;

d) Letters of Commitment to funding and receipt and disbursement of funding from ND;

e) Issuing of tenders for PD stock and support role for municipal stock;

f) Adjudication and appointment of service providers for PD stock and support role for municipal stock. Look at EPWP, BBBEE, CIDB and NHBRC;

g) Monitoring and Evaluation and Reporting;

h) First-line support to municipalities;

i) Management of Project Expenditure and deviations;

j) Compilation of Budget for Long Term maintenance;

k) Create Rental Tribunals with offices in municipalities; and

l) Administration of the programme and funding.

8.3 Municipality:

a) Conducting of audit and confirmation of ownership;

b) Communication with residents associations and tenants (in conjunction with PD's);

c) Complete applications for funding per project and submit to Province for consolidation;

d) Receive Letters of Commitment to funding from PD's;

e) Issuing of tenders for stock; and

f) Adjudication and appointment of service providers. Look at EPWP, BBBEE, CIDB and NHBRC;

g) Monitoring and Evaluation and Reporting;

h) First-line support to residents associations;

i) Management of Project Expenditure and deviations;

j) Compilation of Budget for Long Term maintenance; and

k) In conjunction with PD, set up rental Tribunals.

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Part C Annexures

human settlements

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PART C: ANNEXURES

DEFINITION OF TERMINOLOGY

The terms used in the table addressing the approach to the housing stock mean the following:

1 Stabilisation -

- Minimum intervention to get the facility health and safety compliant (not necessarily in terms of NBR, by-laws, town planning scheme, NHBRC, OHSA)
- Applies mainly to activities such as making safe of electrical installations, and structural aspects in danger of collapse, and emergency repairs to dysfunctional water and sanitary installations

2.1 Simple demolition -

- Single storey structures
- Demolition to just below ground level only – no removal of foundations, underground services
- Limited breaking up of paving and roads, boundary walls, etc
- No major rehabilitation of site required

2.2 Medium complex demolition -

- Double storey structures - no structural frame, slabs on load-bearing masonry walls only
- Demolition to just below ground level only - no removal of foundations, underground services
- Limited breaking up of paving and roads, boundary walls, etc
- No major rehabilitation of site required

2.3 Complex demolition -

- Low-rise walk-up structures (2-4 storeys) with reinforced concrete or steel structural frame with infill walls
- No major installations that need removal such as lifts, boilers, air conditioning plant, strong rooms and safes, central kitchens and laundries with stacks
- No major rehabilitation of site required

3.1 Basic refurbishment (no upgrade) -

- Replacement, repair and redecoration of existing structure, finishes, fittings, ~~structure~~ and services as required to re-instate facility to a state of functionality and safe habitability
- No alterations and additions to structure and layout
- No specification upgrade involved (e.g. no carpets, cupboards, etc where there were none to start with)

3.2 Upgrade refurbishment – (not applicable to refurbishment of existing public rental stock, only to stock that is acquired to provide new housing opportunities for CRU qualifiers on low income)

- Replacement, repair and redecoration of existing structure, finishes, fittings, structure and services as required to re-instate facility to its original state of functionality and habitability
- No alterations and additions to structure and layout
- Original specifications simultaneously upgraded (e.g. installation of carpets where there were only cement floors, cupboards where there were none to start with, etc.)

4.1 Hostel conversion -

- Alterations and additions to structure and layout to change from dormitories to self-contained units, incorporating simultaneous replacement, repair and re-decoration of existing structure, fittings and finishes as required

• **Dormitories -**

- Typical hostel configurations consisting of small bed cubicles or communal sleeping halls sharing limited ablution, cooking and dining facilities

• **Self-contained units -**

- Bachelor, single or multi-bedroom flats with self-contained cooking, dining and ablution facilities within the unit, and reasonably sized communal units (8-12 beds) with shared facilities within the unit

4.2 Simple conversion of existing inner city buildings -

- Minor alterations and additions to structure, layout and services
- Simultaneous rehabilitation of structure, finishes, fittings and services of existing parts not altered

- Applies to existing residential buildings where each residential unit to be converted already has some individual wet service core, and the unit configuration is already modular (e.g. hotel suites with en-suite bathrooms and/or kitchenettes).

4.3 Complex conversion of existing inner city buildings

- More extensive alterations and additions to structure, layout, fittings and services to effect complete change in configuration and use
- Applies to buildings where there are only centralised existing wet cores (offices, hotels and residences with communal ablution facilities and central cooking and dining), and where the re-configuration may require more extensive structural alterations (e.g. demolition and re-positioning of walls to create modular units in open plan areas, including possible reinforcement of supporting structures as required)

5 New build infill on existing sites -

- New buildings with self-contained units in open space as part of hostel sites densification, or to replace demolished buildings

6 New build on greenfields sites -

- New buildings/residential complexes developed by municipalities on vacant sites

7 Long term capital maintenance -

- Maintenance, repairs, and redecoration every 5 years after initial new build construction, refurbishment, or conversion

DESIGN AND COST GUIDELINES AND FUNDING LIMITS FOR HOUSING TYPOLOGIES THAT COULD BE DELIVERED THROUGH THE PROGRAMME

1. GENERAL GUIDELINES

Housing typologies that could be delivered through the programming could range from rooms with shared communal facilities, bachelors, one and two bedrooms up to 40m^2, and flexible enough to allow for the possibility of multiple tenancies per unit. No provision is made for 3 bedroom units as these are too expensive. General guidelines:

- Designs to take into account minimum maintenance cost
- Designs to take into account SANS10400 XA energy efficiency requirements (provision and installation of water heating devices provided separately)
- Must provide for full electrical installation
- Adhere to design requirements as provided in Sectional Title legislation and municipal by-laws

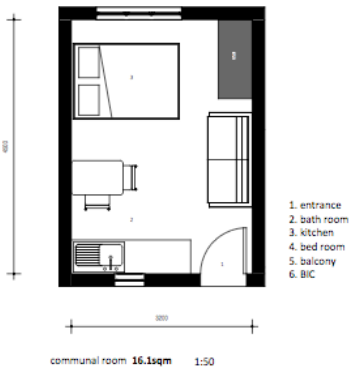
2. GUIDING PRINCIPLES

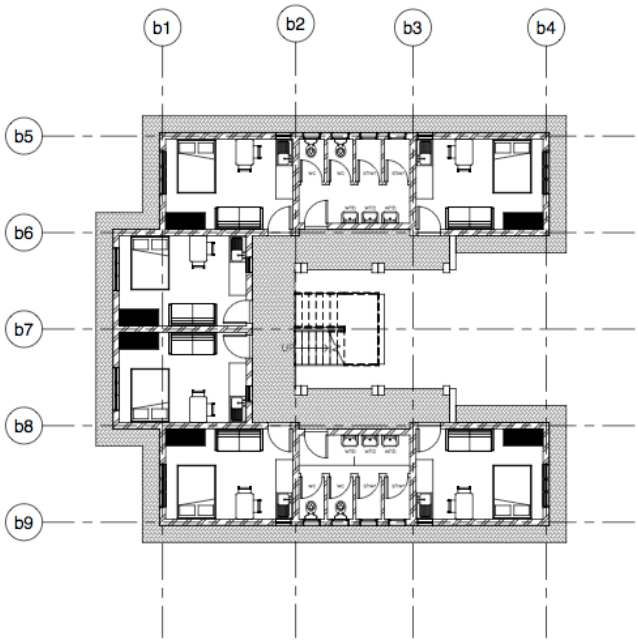
Housing typologies should be designed to provide a wide range of options to meet diverse needs and affordability profiles, and allow flexibility of configuration (block layouts) to suit varying site conditions (size, shape, topography, etc). In line with this, the following range of options up to two bedrooms are recommended:

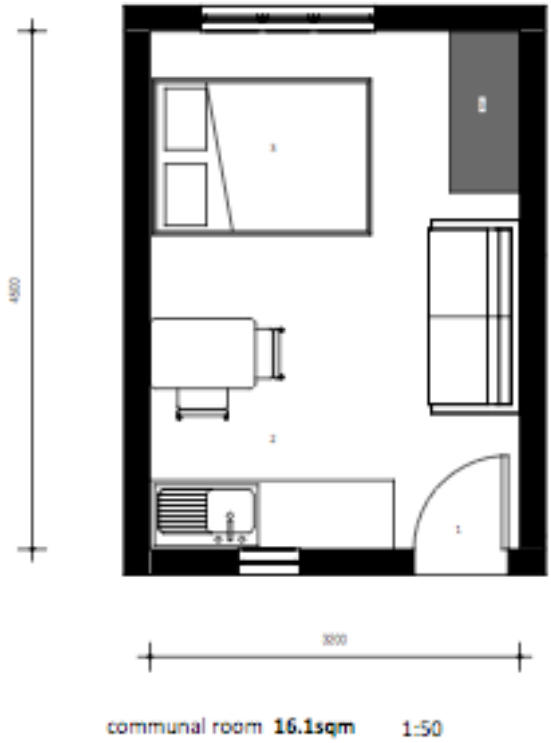
Proposed unit type	Unit features	Possible built forms (all 2-3 storey walk-ups)	Size m^2	Possible tenancy arrangements
1B: Rooms with communal facilities	Sink and top for cooking in unit, space for double bed/2 single beds, cupboards	U-shape, courtyards, rows, clusters	16.1	1 single, single with child, couple, 2 singles sharing
1C: Bachelor unit	Fully self-contained	U-shape, courtyards, rows, clusters	22.3	1 single, single with child, couple, 2 singles sharing
2A, 2B, 2C: One bedroom units	Fully self-contained	Rows, clusters	29.3 31.0 27.8	1 single, single with child, couple, couple with child, 2 singles sharing
3A, B, C, D: Two rooms with shared facilities	Self-contained, but shared facilities within unit	U-shape, courtyards, rows, clusters	40 41	Multiple lease – 2 singles (with or without child), 2 couples, 1 single and 1 couple
3F, 3G: Two bedroom units	Fully self-contained	Rows, clusters	41 44	Single with child, couple, couple with 1-2 children, 2-4 singles sharing

3. EXAMPLE FLOOR PLANS OF UNIT TYPOLOGIES PROPOSED

3.1 Unit type 1B: Rooms with communal shared facilities – 16.1m^2



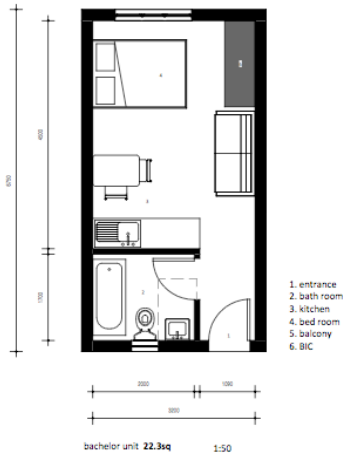


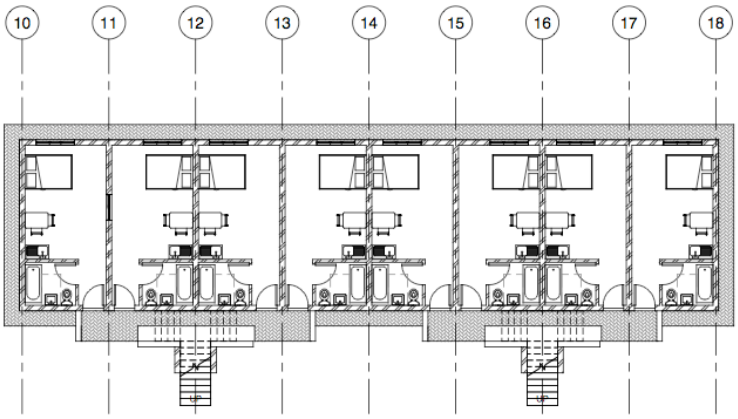


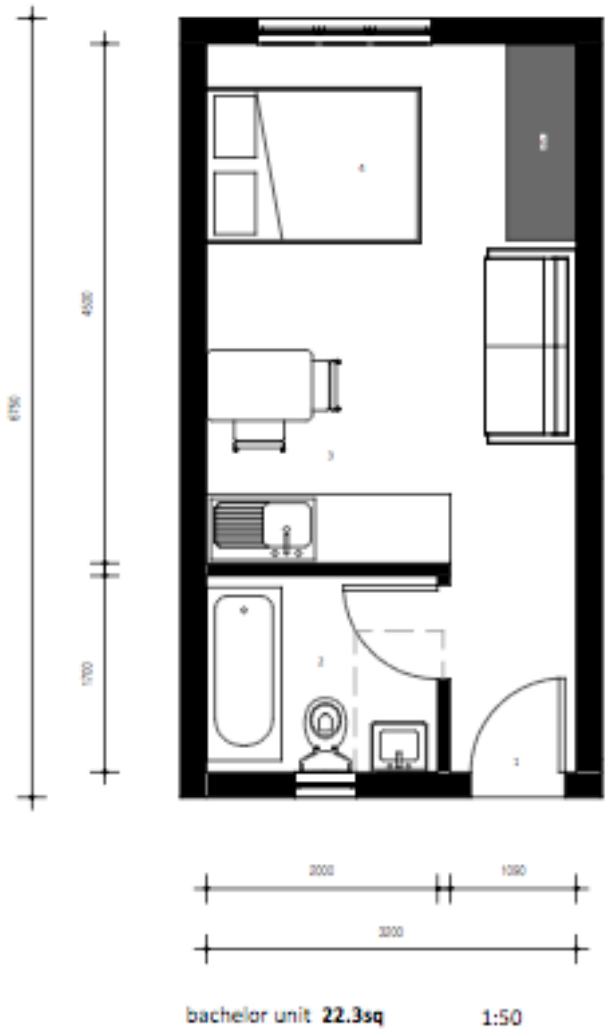
Notes:

1. The unit can be used for a single tenancy (single, single with child, couple)
2. The kitchen sink could also be moved to a communal area, allowing for more bedspace
3. The configuration shown here is for a semi-courtyard U-shape block, but could be varied into rows, L-shapes, and full enclosed court yards by adding a mirrored U-shape to the existing one
4. The plan shown here is for a two-storey block, but could also be varied for three storeys

3.2 Unit type 1C: Bachelor unit, self-contained – 22.3m^2



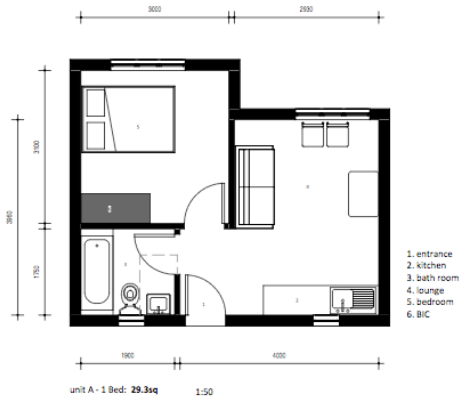


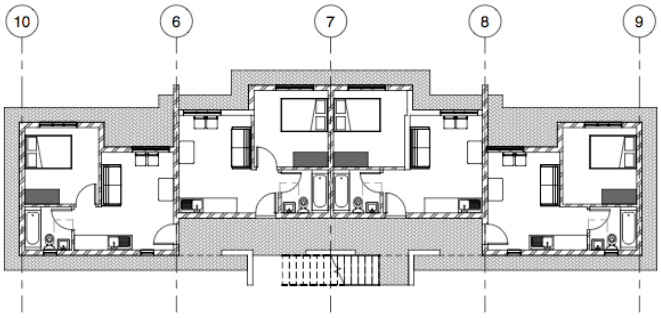


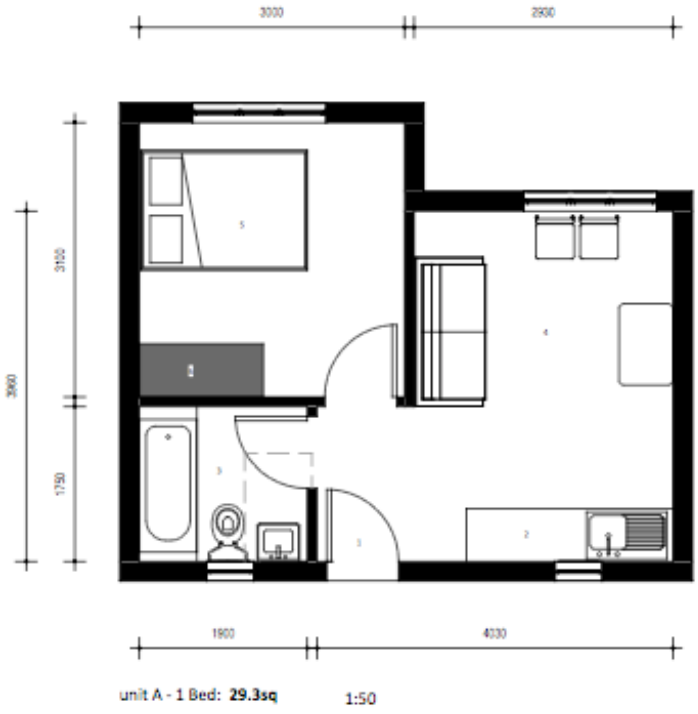
Notes:

5. The unit can be used for a single tenancy (single, single with child, couple)
6. The unit can also be used for shared tenancy (2 singles with separate leases)
7. The bath can be replaced with a shower (this could also include moving the bathroom wall slightly to increase sleeping space)
8. Blocks can be two or three storeys
9. Blocks could be arranged in rows, L-shapes, H-shapes front to front with central connecting stairs (some potential; problems with orientation though), U-shapes and courtyards with slight modifications

3.3 Unit type 2A: One bedroom unit, self-contained – 29.3m^2



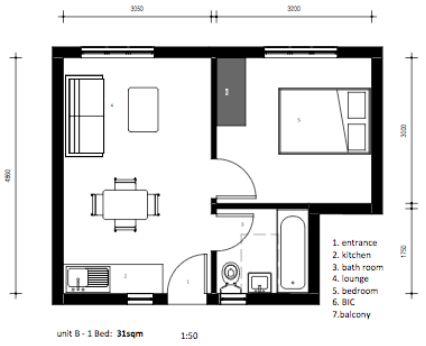


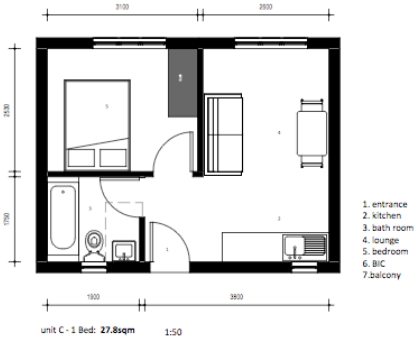


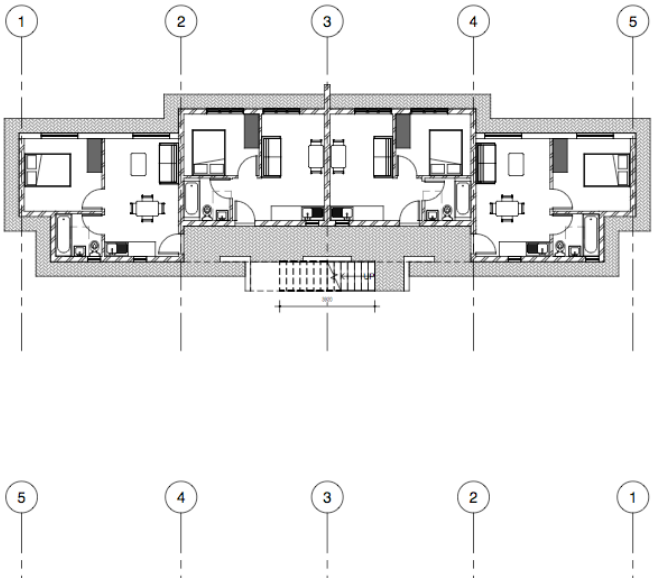
Notes:

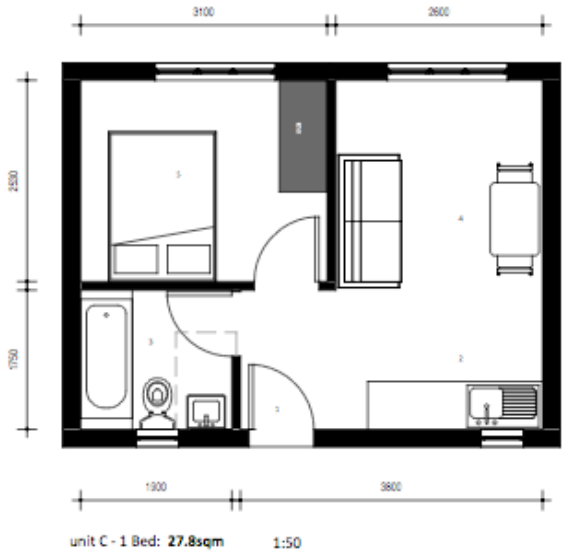
1. The unit can be used for single tenancy (single, single with child, couple, couple with 1 child)
2. The unit can also be used for shared tenancy (2 singles)
3. The bath can be replaced with a shower
4. Blocks could be arranged in rows, L-shapes, H-shapes front to front with central connecting stairs (some potential; problems with orientation though), U-shapes and courtyards with slight modifications

3.4 Unit type 2B, 2C: One bedroom unit, self-contained – 31.0m^2, 27.8m^2





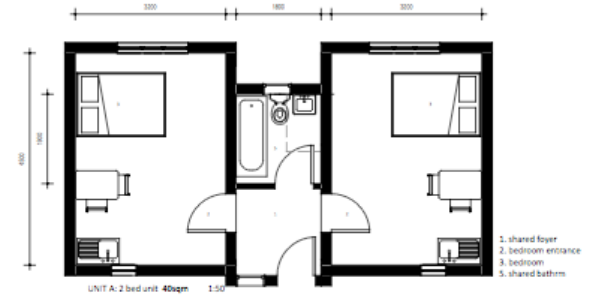


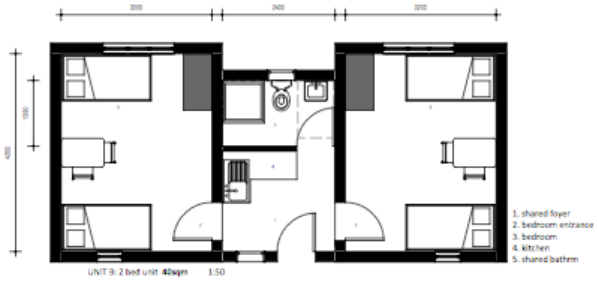


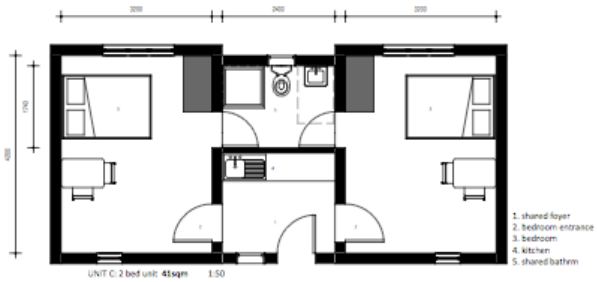
Notes:

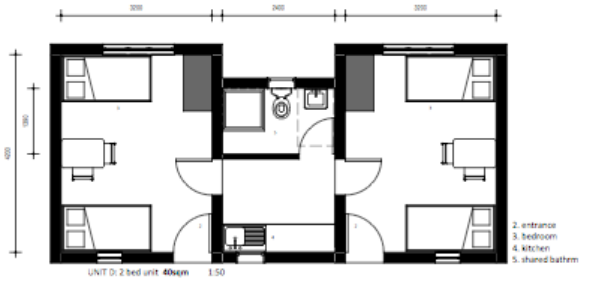
5. The unit can be used for single tenancy (single, single with child, couple, couple with 1 child)
6. The unit can also be used for shared tenancy (2 singles)
7. The bath can be replaced with a shower
8. Blocks could be arranged in rows, L-shapes, H-shapes front to front with central connecting stairs (some potential; problems with orientation though), U-shapes and courtyards with slight modifications

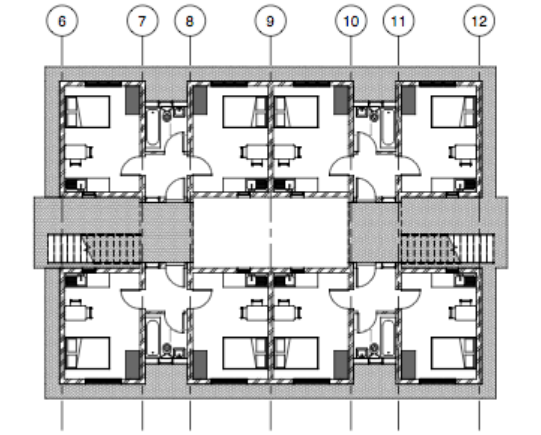
3.5 Unit types 3A-D: Two rooms for separate tenancies, sharing facilities contained within the unit – 40.0m^2, 40.0m^2, 41.0m^2, 40.0m^2

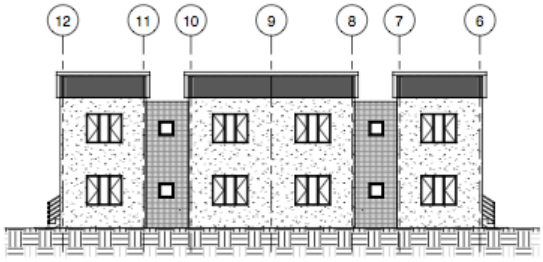


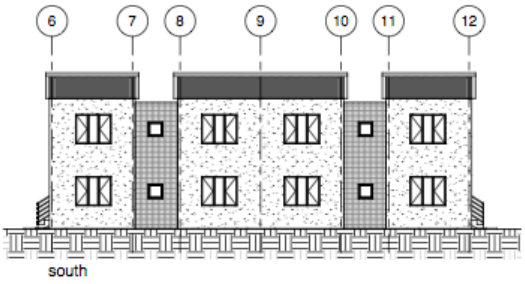








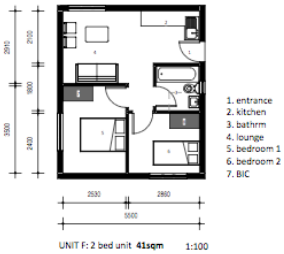


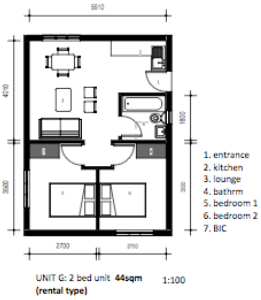


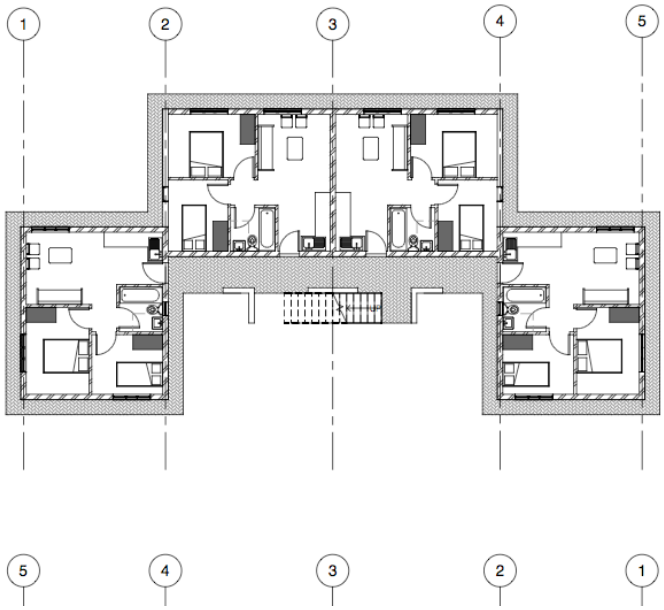
Notes:

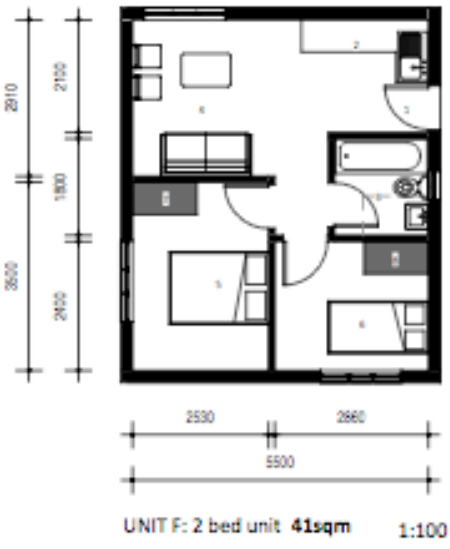
1. Units are specifically designed for shared tenancy (2 singles, 2 couples, 1 single and 1 couple, etc), but could also be used for single tenancy)
2. Different bathroom/kitchen configurations are possible with slight effects on cost
3. Baths and showers are interchangeable in all the options
4. Blocks can be two or three storeys
5. Blocks can be H-shapes as shown, or rows, L-shapes, U-shapes and courtyards with small modifications and effects on costs

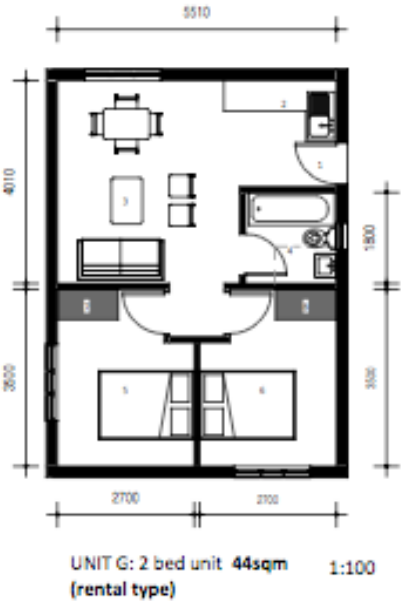
3.6 Unit types 3F & 3G: Two bedroom unit, self-contained, Type 3F with main bedroom and smaller second bedroom – 41.0m^2, Type 3G with equal size bedrooms











Notes:

1. Type 3F is a conventional family unit with one main bedroom and one secondary bedroom. It could however be used for either single, or shared tenancy, with a lower rental for the smaller room (couple, couple with 1-2 children, single with 1-2 children, 2 singles, 2 couples)
2. Type 3G, with equal size bedrooms, is more specifically designed for shared tenancy – same rental for either room (tenancy as 3F)
3. Baths and showers interchangeable
4. Blocks can be two or three storeys, and can also be arranged in rows, L-shapes, U-shapes or full courtyards with minimal modifications and cost effects

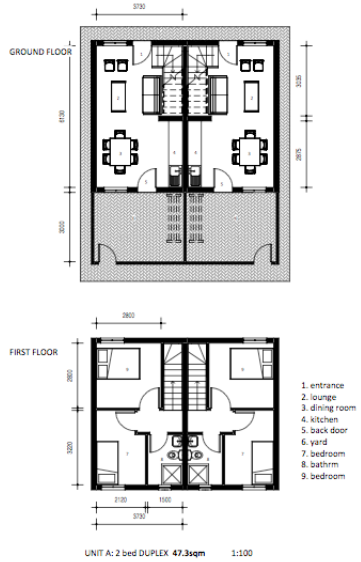
3.7 Individual family units with access to own yards

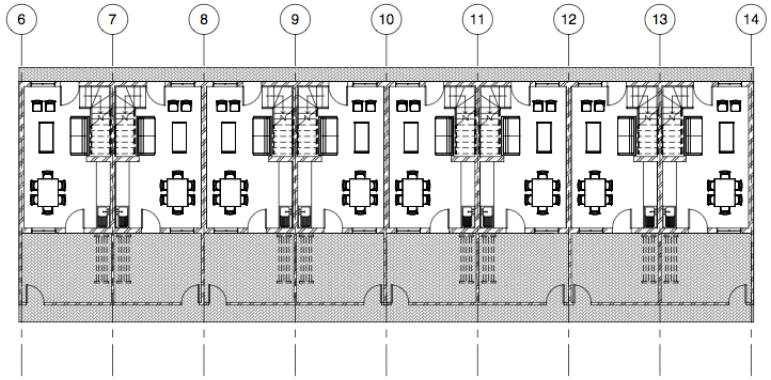
Provide for individual family homes with access to their own yards (e.g. play spaces for children). This should be higher density duplex row houses on undivided land"

These units should be limited to two bedroom duplexes (no three bedroom units which could either lead to sense of entitlement of, and demands for ownership), as in the table below:

Proposed unit type	Unit features	Possible built forms (all 2-4 storey walk-ups)	Size m^2	Possible tenancy arrangements
5A: Two bedroom duplex unit	Fully self-contained	Rows, clusters, courtyards	47.3	Family with 1-2 children

Unit type 5: Two bedroom duplex family unit – 47.0m^2:





4. SPECIFICATION GUIDELINES

Specifications for construction, materials to be used, fittings, internal and external plumbing and electrical reticulation and finishes should be basic, but robust, and provide a sensible balance between upfront costs and life cycle maintenance and operating costs to avoid being a burden on municipal owners of the stock.

For coastal areas susceptible to corrosion of ferrous metals, rain penetration and excessive humidity leading to condensation and mold growth, certain extra precautions are indicated. The challenge then is the definition or demarcation of “coastal areas” since there are no maps for such a category, and the maps that do exist for instance for SCCCA areas would not sufficiently cover this category. For purposes of specification guidelines only, the following interim definition is proposed:

“All areas within cities or towns directly adjacent, or within 15km of the coastline, and not separated from the coastline by a mountain range”

Inevitably some discretion by competent professionals would come into play here from time to time, and to avoid misuse the recommendation would be that coastal provinces develop their own lists of such areas, similar to the lists they have for areas that qualify for locational variances in BNG housing development. Even that could be open to too much latitude and discretion and it is recommended that proper maps be developed that demarcate “coastal areas” on the basis of defensible scientific climatic criteria

Specifications should be determined to suit conditions for every site, but the following general guidelines should be followed:

- Load bearing masonry structure, in-situ or precast slab on 230mm brick walls (cavity at coast) (no single skin Maxi block external walls), face brick preferred, plastered only when availability and price of face bricks are unviable
- Roofs – Inland: Profiled galvanized iron sheeting on timber or zincalume trusses at 10^{o} pitch, galvanized sheet iron rainwater goods
- Roofs – coastal: Zincalume pre-painted sheeting on timber trusses at 10^{o} pitch, PVC rainwater goods
- Internal floors: Ceramic tiling on cement screed on 75mm surface bed (100mm with mesh in areas where soil conditions dictate)
- Walkways and stairs – floated concrete walkways and treads of stairs, or precast concrete stair treads laid on stepped brickwork
- Windows: Standard mild steel residential inland, galvanised at coast. Keep fenestration below 15% of floor area to avoid expensive solar performance glass
- External doors: Hardwood FLB doors, 3-lever locks, pressed steel frames (galvanised at coast)
- Ceilings – 6.4mm Gypsum board nailed up ceilings with blanket wool insulation according to SANS10400-XA climate zone
- Balustrading: Painted mild steel inland; galvanised mild steel or aluminium at coast

- Domestic hot water: Most effective heat pump/SHW system to be designed by wet services engineer (central unit or individual units depending on block sizes and layouts)
- Roads & parking – 25mm asphalt on layerwork as per engineer, PC non-mountable kerbs, no carports
- Security fencing and gates: Steel palisade or welded wire screen (galvanised at coast)

5. COSTING GUIDELINES AND FUNDING LIMITS

5.1 Application of square metre rates as cost guidelines and funding limits

Standard practice in the various national housing programmes is to determine funding limits on a per unit basis. There are however, clear challenges in defining "unit" with regard to:

- Stabilisation intervention – At this stage prior to the intervention the existing building to which it is applied may still be a dormitory-type hostel, with no "units" as such. One could try and define different types of "units" such as bed-spaces and communal kitchens/ablutions, and develop a per unit norm for each of these, but it could become impossibly complicated due to the wide differences between existing buildings to be stabilised
- Demolition – As with Stabilisation the nature of the building/s to be demolished may not lend itself to being clearly demarcated into countable units
- Conversions - In practice it would be difficult to set exact and rigid limits on unit size and cost because the most cost effective way to do conversions from one use to another is to follow the existing structural module (column and/or support wall spacing and configuration) for divisioning into units, resulting in a variety of unit sizes to suit. On the other hand, developers should not be given *carte blanche* to follow blindly the existing structural module and create hugely oversized units. It is possible, with skillful use of a blend of masonry and lightweight partitioning, to deviate to some extent from the existing module and create reasonably sized units.

- Refurbishment of existing stock – Existing stock may have been built some time ago to different and widely varying space and other norms, making it almost impossible to set unit size, and therefore, cost per unit limits

Funding limits based on per m^2 cost rates for construction works, therefore, are to be applied to the following development options:

- Stabilisation intervention - Apply per m^2 rates to the whole of the building area, no per unit size limits possible)

- Demolitions - Apply per m^2 rates to the whole of the building area, no per unit size limits possible)
- Conversion - Use per m^2 rates, applied to the whole of the building area as a ceiling cost, but apply unit size limits as set out below
- Refurbishment of existing stock - Use existing per m^2 rates, applied to the whole of the building as a ceiling, but define the essential work to be done, and base the funding on actual cost which could be less, but never more than the per m^2 imposed ceiling

For cost elements other than the actual construction works, the following cost limits will apply:

- Feasibility studies: 2.5% of construction costs (except in the case of stabilization intervention where the allowance will be 1% of construction costs, and demolition where the allowance will be 1.5% of cost of works)
- Professional fees - top structures: 7.5% of construction costs for refurbishments and 9.5% of construction costs for conversions (except in the case of stabilization and demolition where the allowance will be 2.5% of construction costs)
- Social facilitation: R500 per unit (except in the case of stabilization where basic facilitation is included in cost of feasibility, and for demolitions, where no per unit costs can apply and the allowance will be 0.15% of cost of works)
- Tenant administration: R350 per unit (except for demolition where the allowance will be 0.1% of cost of works)

Variations to standard square metre costs can be applied for geotechnical conditions, topography, etc in accordance with the subsidy Variation Manual and calculator

5.2 Application of per unit cost guidelines and funding limits

Per unit cost guidelines and funding limits are to be applied to the following newbuild typologies where “unit” parameters are within control of the designer/developer, and could be clearly defined:

- Rooms with communal facilities
- Bachelor units
- One bedroom self-contained units
- Two bedroom self-contained units
- Two-room shared/multiple tenancies with shared facilities within unit
- Higher density two bedroom duplex family units

In applying the per unit cost guidelines, the per unit funding limits are set for:

- Feasibility studies – including specialist fees (Town planning, EIA, geotech, etc)
- Social facilitation

- Tenant administration
- Temporary relocation support – allowed only where newbuilds will replace existing buildings to be demolished on the same site
- Professional fees
- Top-structure construction costs

Variations to standard per unit costs can be applied for geotechnical conditions, topography, etc in accordance with the subsidy Variation Manual and calculator

The guideline costs for the different typologies are based on current building market rates (May 2015) in the affordable medium density rental and sectional title markets in Gauteng.

The guideline costs for each type is based on:

- An average project size of 200 units
- Sites with normal soil conditions and low slopes
- Sites with ready access to service connections (no upgrades required)
- Planning (pre-construction) period of no more than 12 months

The guideline costs include:

- Top structure construction costs, including full internal electrical installation and metering, and compliance with SANS 10400-XA, energy efficiency National Building Regulations (roof insulation, etc in accordance with climatic zone)
- On site services up to boundary connection
- An allowance for external works – minimal site grading and landscaping, roads, and on-grade open paved parking (0.4 bays per unit), security fencing, gates, and access control, play area equipment
- Planning specialist fees at 1.0%
- Top structure professional fees at 7.5%
- Feasibility costs at 2.5%
- Social facilitation at R500/unit
- Tenant administration at R350/unit
- VAT at 14%

The guideline costs exclude:

- Demolition and site rehabilitation costs where newbuilds replace demolished structures
- Escalations during construction
- Property acquisition and holding costs
- Bulk external infrastructure upgrade, link and connector costs
- Internal township services reticulation costs
- Loose furniture, fittings and appliances
- Cost of domestic hot water devices

No general allowance is made for temporary relocation support, which will only apply in cases where newbuilds will replace existing buildings to be demolished on the same site as in for instance hostel redevelopments. In such cases the existing square metre guidelines for temporary relocation support should be applied in addition to the above

5.3 CRU unit size limits for purposes of calculating funding amounts

The following size limits will apply to units funded through the CRU programme. In the case of newbuilds (infill or greenfields) the costing guidelines and funding limits will apply regardless of the actual size of units. In the case of conversions, refurbishments and refurbishments of existing public rental stock, the funding will be calculated by multiplying the square metre rates by the lesser of the maximum unit sizes in the table hereunder, or the actual unit size. Where the actual unit sizes exceed the limits in the table, resulting in actual costs greater than the funding calculated in accordance with the above, the project should be re-designed to ensure that costs fall within the funding limits.

The areas in the table below are the net unit sizes and exclude circulation and general service areas, and are the areas that must be used in calculating the funding limits in the way set out above:

Unit type and description	Size limits – m^2	
	Newbuild – infill and greenfield	Conversions and refurbishments
1B – Rooms with communal facilities	16.0	18.0
1C – Bachelor, self contained	22.3	24.0
2A, 2B, 2C – One bedroom, self contained	31.0	35.0
3A , 3B, 3C, 3D – Two rooms with shared facilities (area includes shared facility)	41.0	44.0
3F – Two bedroom, self contained, main and small bedroom	41.0	43.0
3G – Two bedroom, self contained, equal size bedrooms	44.0	46.0
5 - Two bedroom duplex family unit with own yard	47.3	50.0

DETAILED DESCRIPTIONS OF DEVELOPMENT OPTIONS

NOTE" All m^2 rates in the sections below are based on current market rates, escalated up to end march 2016

STABILISATION INTERVENTION (OPTION 1)

1.1 APPLICABILITY

RE/DEVELOPMENT OPTION	TYPE OF STOCK			
	Hostels - public and grey sectors	Balance of EEDBS (flats not transferred)	Post 1994 new public stock	Existing inner city buildings
1. Stabilisation intervention				

Notes:

1. Stabilisation is applied, after assessment, to facilities that are not in a condition that warrants demolition, but where they pose potential threats to the health and safety of occupants
2. Minimum intervention to get the facility health and safety compliant (not necessarily in terms of NBR, by-laws, town planning scheme, NHBRC, OHSA)
3. Applies mainly to activities such as making safe of electrical installations and structural aspects in danger of collapse, and emergency repairs to dysfunctional water and sanitary installations
4. It is assumed that stabilisation will be followed quickly by one of the other permanent redevelopment options (e.g. refurbishment, conversion), and that it will therefore, be done with minimal community facilitation involving only communication and co- ordination of activities with the resident community, the cost of which is included in the rate for feasibility studies below. More comprehensive facilitation, as well as temporary re-location and accommodation will only happen in the subsequent redevelopment phase, and the cost of these will be included in the rates for those options

1.2 FEASIBILITY STUDY GUIDELINES

For this option a very basic feasibility study is required, and it would generally entail preparing only the following:

- Basic community facilitation involving communication of intent, and co-ordination of works activities only
- A quick scoping report (visual site survey) to compile a list of essential work to be done (Relevant municipal official(s) with help of architect, structural/civil and

electrical engineer, construction and/or project manager)

- Cost estimates and cash-flows (Quantity Surveyor)

Note: In other options that follow stabilisation, the cost of facilitation, temporary accommodation, etc. will be given as a separate rate. In this option, because there is minimal facilitation, it is practical to include the cost thereof with that of feasibility studies

1.3 WORKS ACTIVITY OUTLINE

The Works comprise the following where applicable:

- Minimum repair to leaking and blocked sewers on site
- Minimum repair to leaking water pipes only where threat of flooding exists
- Repair/replace dysfunctional sanitary fittings
- Make electrical installation safe (repair/replace power sockets, light fittings, ensure no open live wiring, repair/install earth leakage/trip switches, etc)
- Take minimum measures to prevent flooding of buildings (grading, open channels, stabilised earth berms or sand bag barriers)
- Remove items that may pose immediate hazards to health and safety such as broken glass and other sharp objects, toxic substances, rotting organic materials, in or near occupied buildings and commonly used walkways
- Repair and/or temporarily support and/or barricade damaged and rusting steel fire escape stairs, walkway and balcony balustrading
- Provide temporary support to parts of structure (e.g. roofs) in danger of collapse
- Vacate and barricade parts of buildings where structure is unsafe, and where it is not practical to provide temporary support or repairs
- Barricade broken/malfunctioning lifts in multi-storey buildings
- Provide/supplement/repair basic fire fighting equipment (extinguishers, hydrants and hose reels)
- Clear fire escape routes of obstructions such as locked or barricaded escape doors, accumulated rubble, or structures put up by landlords or residents

- Compile and provide house rules, and train residents in basic health and safety conduct with regard to use/abuse of electricity, sanitary facilities, littering and waste disposal, maintaining fire safety, including instituting systems for maintaining all the above

1.4 ESTIMATED PROJECT CAPITAL COST

Total Project Capital Cost comprises the following elements:

- Cost of feasibility studies
- Cost of works
- Professional fees

Cost of works element above calculated by multiplying the given rate per square metre with the total of all enclosed covered building areas at all floor levels of the facility

1.4.1 COST OF FEASIBILITY STUDIES

Includes for:

- Costs and consulting fees for activities as per Feasibility Study Guidelines (1.2) above

Fixed Cost: 1.0% of cost of works

1.4.2 COST OF WORKS

Includes for:

- Contract preliminaries
- Works as per Works Activity Outline (1.3) above
- Contract contingencies (10%)
- Allowance for building cost escalations during planning (3 months) and implementation (3 months) periods within the financial year of application

Rate: R320.00/m^2

1.4.3 PROFESSIONAL FEES

Includes for fees and disbursements for the following professionals employed to manage the works execution phase, and excluding any of the functions under feasibility studies above:

- Architect – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Quantity surveyor – help with procurement and contract documentation and process, financial administration of the contract
- Civil/structural engineer – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Electrical engineer – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Mechanical engineer (where applicable) – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Construction manager - help with procurement and contract documentation and process, supervision, advice on technical queries
- Any of the above as principal agent, or alternatively a separate professional project manager

Fixed cost: 2.5% of cost of works

DEMOLITION AND SITE REHABILITATION (OPTION 2)

2.1 APPLICABILITY

RE/DEVELOPMENT OPTION	TYPE OF STOCK			
	Hostels – public and grey sectors	Balance of EEDBS (flats not transferred)	Post 1994 new public stock	Existing inner city buildings
2.Demolition and site rehabilitation	2.1 Simple	2.1 Simple		2.1 Simple
	2.2 Medium complex	2.2 Medium complex		2.2 Medium complex
	2.3 Complex	2.3 Complex		2.3 Complex

Notes:

1. Demolition, after assessment, is applied to existing facilities to remove buildings, structures and services (where applicable) that are derelict and unsafe, and which are no longer structurally or economically viable i.e. too costly and unpractical to maintain and/or repair, and to rehabilitate the site for use as open space, or in preparation for immediate or future infill newbuild

2. Demolition results in loss of existing accommodation on a permanent and/or temporary basis. It requires therefore, extensive community facilitation, as well as providing for temporary or permanent relocation. For relocation under this option it is suggested that for permanent relocation the municipality could apply for the relocation grant as per the Informal Settlement Upgrading Programme. A rate is given below for temporary relocation where residents are accommodated elsewhere on or near the site and brought back again as redevelopment (infill, etc) is completed in phases

3. **Terms used in the shaded blocks mean the following:**

2.1 Simple demolition –

- Single storey structures
- Demolition to just below ground level only – no removal of foundations, underground services
- Limited breaking up of paving and roads, boundary walls, etc

- No major rehabilitation of site required

2.2 Medium complex demolition –

- Double storey structures – no structural frame, slabs on load-bearing masonry walls only
- Demolition to just below ground level only – no removal of foundations, underground services
- Limited breaking up of paving and roads, boundary walls, etc
- No major rehabilitation of site required

2.3 Complex demolition –

- Low-rise walk-up structures (2-4 storeys) with reinforced concrete or steel structural frame with infill walls
- No major installations that need removal such as lifts, boilers, air conditioning plant, strong rooms and safes, central kitchens and laundries with stacks
- No major rehabilitation of site required

4. Demolition of medium to high-rise buildings (4 to 13 storeys) with reinforced concrete or steel structural frame with infill walls, and with major installations that need removal such as lifts, boilers, air conditioning plant, strongrooms and safes, central kitchens and laundries with stacks is to difficult to cost for on a standard rate and may in any case never be required. For such buildings in densely built- up areas the only practical method might be implosion. This is a highly specialised technique carried out by experts. The structure is first stripped as usual, then flattened to a pile of rubble by carefully controlled implosion, and the rubble loaded with heavy equipment and removed to dumping sites. It is however, unlikely to happen under this programme

No option for that is therefore, included. If required it is suggested that it be treated as a special case, and that funding is provided on the basis of specific cost estimates.

2.2 FEASIBILITY STUDY GUIDELINES

For this option a reasonably comprehensive feasibility study is required, and it would generally entail preparing the following:

- Physical condition survey to determine if structure and services can still be saved
- Financial viability study to determine if potential income is sufficient to warrant remedial work and/or continued maintenance expenses
- Cost estimates and cash-flows for the demolition work, community facilitation and permanent and/or temporary relocation

2.3 WORKS ACTIVITY OUTLINE

Demolition works comprise the following as applicable to simple/medium complex/complex demolitions respectively:

2.3.1 SIMPLE DEMOLITIONS (SINGLE STOREY BUILDINGS), INCLUDING RUBBLE REMOVAL AND SITE REHABILITATION

- Carry out community facilitation workshops
- Arrange and carry out temporary and/or permanent relocation of residents
- Obtain demolition permit if applicable
- Identify materials, components and fixtures with salvage value, decide on method of taking down and disposal (direct selling from site, auction or delivery to second-hand building materials dealer(s)).This usually applies (but not limited) to:
  - Roof sheets and tiles
  - Roof timbers
  - Windows
  - Doors and frames
  - Taps, traps and sanitary fittings
- Disconnect water and electrical supplies
- Erect all necessary temporary supports and stays, hoardings and fences
- Loosen and take off roof sheets and/or tiles, clean and straighten as necessary, and dispose
- Take down ceilings where applicable and remove to dumping site
- Loosen and take off roof timbers, de-nail as necessary, and dispose
- Break out windows and dispose
- Take down doors and dispose
- Break out door frames and dispose
- Take down fittings and fixtures and dispose
- Break down ground floor walls and remove rubble to approved dumping site
- Break up ground floor slab, hard-core filling and foundation walls to required depth below ground level, and remove to approved dumping site
- Using remainder of filling under broken up floors to fill and compact portions

of foundation and service trenches opened up

- Sealing off existing water supply pipes, electrical supply cables and soil drains below ground level
- Clearing site of all remaining rubble, and leaving clean and level

2.3.2 MEDIUM COMPLEX DEMOLITIONS (DOUBLE STOREY BUILDINGS, NO FRAMED STRUCTURE), INCLUDING RUBBLE REMOVAL AND SITE REHABILITATION

- Carry out community facilitation workshops
- Arrange and carry out temporary and/or permanent relocation of residents
- Obtain demolition permit if applicable
- Identify materials, components and fixtures with salvage value, decide on method of taking down and disposal (direct selling from site, auction or delivery to second-hand building materials dealer(s)).This usually applies (but not limited) to:
  - Roof sheets and tiles and roof timbers
  - Windows
  - Doors and frames
  - Taps, traps and sanitary fittings
- Disconnect water and electrical supplies
- Erect all necessary temporary supports and stays, hoardings and fences, and chutes and/or ramps for removal of rubble from first floor
- Loosen and take off roof sheets and/or tiles, clean and straighten as necessary, and dispose
- Take down ceilings where applicable and remove to dumping site
- Loosen and take off roof timbers, de-nail as necessary, and dispose
- Break out windows and dispose
- Take down doors and dispose
- Break out door frames and dispose
- Take down fittings and fixtures and dispose
- Break down infill/load-bearing walls on the different floor levels, from the top down, and remove rubble to approved dumping site
- Break up first floor slabs on load-bearing walls, and remove rubble to approved dumping site
- Break down ground floor walls and remove rubble to approved dumping

site

- Break up ground floor slab, hard-core filling and foundation walls to required depth below ground level, and remove to approved dumping site
- Using remainder of filling under broken up floors to fill and compact portions of foundation and service trenches opened up
- Sealing off existing water supply pipes, electrical supply cables and soil drains below ground level
- Clearing site of all remaining rubble, and leaving clean and level

2.3.3 COMPLEX DEMOLITIONS (MULTI STOREY LOW RISE BUILDINGS, WITH FRAMED STRUCTURE), INCLUDING RUBBLE REMOVAL AND SITE REHABILITATION

- Carry out community facilitation workshops
- Arrange and carry out temporary and/or permanent relocation of residents
- Obtain demolition permit if applicable
- Identify materials, components and fixtures with salvage value, decide on method of taking down and disposal (direct selling from site, auction or delivery to second-hand building materials dealer(s)).This usually applies (but not limited) to:
  - Roof sheets and tiles and roof timbers
  - Windows Doors and frames
  - Taps, traps and sanitary fittings
- Disconnect water and electrical supplies
- Erect all necessary temporary supports and stays, hoardings and fences, and chutes for removal of rubble from upper floors
- Loosen and take off roof sheets and/or tiles, clean and straighten as necessary, and dispose
- Take down ceilings where applicable and remove to dumping site
- Loosen and take off roof timbers, de-nail as necessary, and dispose
- Break out windows and dispose
- Take down doors and dispose
- Break out door frames and dispose
- Take down fittings and fixtures and dispose
- Break down infill/load-bearing walls on the different floor levels, from the top down, and remove rubble to approved dumping site
- Break down ground floor walls and remove rubble to approved

dumping site

- Break down structural frame on the different floor levels from the top down, and remove rubble to approved dumping site
- Break up ground floor slab, hard-core filling and foundation walls to required depth below ground level, and remove to approved dumping site
- Using remainder of filling under broken up floors to fill and compact portions of foundation and service trenches opened up
- Sealing off existing water supply pipes, electrical supply cables and soil drains below ground level
- Clearing site of all remaining rubble, and leaving clean and level

2.4 ESTIMATED PROJECT CAPITAL COST

Total Project Capital Cost comprises the following elements:

- Cost of feasibility studies
- Cost of community facilitation
- Cost of temporary relocation
- Cost of works
- Professional fees

Cost of works element above calculated by multiplying the given rate per square metre with the total of all enclosed covered building areas at all floor levels of the buildings to be demolished

2.4.1 COST OF FEASIBILITY STUDIES

Includes for:

- Costs and consulting fees for activities as per Feasibility Study Guidelines (2.2) above

Fixed Cost: 1.5% of cost of works

2.4.2 COST OF COMMUNITY FACILITATION

Includes for:

- All communication and co-ordination of project execution with community structures on an ongoing basis
- Conducting a series of information and planning workshops with the community

Fixed Cost: 0.15% of cost of works

2.4.3 COST OF RELOCATION

Permanent relocation:

It is suggested the municipality applies for the relocation grant under the Informal Settlement Upgrading Programme

If the above not contemplated, the rate that could be used for permanent relocation is R36.00/m^2, which includes for:

- Loading and Transport
- Social services support
- Food support

Temporary relocation on or near the site: Includes

for:

- Loading and moving residents and belongings to new temporary accommodation
- Loading and moving residents and belongings back into new infill accommodation on site
- Food support

Rate: R42.00/m^2

2.4.4 COST OF WORKS

Cost of demolition and site rehabilitation includes for:

- Contract preliminaries
- Cost of demolition work as per Works Activity Outline (2.3) above, and placing of rubble at loading points on site as per
- Cost of cleaning, and preparation of salvaged materials for sale or re-use (no credit for salvaged materials allowed – values too varied and uncertain)
- Contract contingencies (10%)
- Allowance for building cost escalations during planning (6 months) and implementation (6 months) periods after date of application

Cost of rubble removal to approved dumping sites includes for:

- Loading onto trucks by hand and/or mechanical loader, transportation to approved dumping site within a 30km radius, and fees payable at the dumping site (Up to R80/ton dumping fee allowed)

Rates:

- **Simple demolition: R320.00/m^2**
- **Medium complex demolition: R470.00/m^2**
- **Complex demolition: R580.00/m^2**

2.4.5 PROFESSIONAL FEES

Includes for fees and disbursements for the following professionals employed to manage the works execution phase, and excluding any of the functions under feasibility studies above:

- Architect – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Quantity surveyor – help with procurement and contract documentation and process, financial administration of the contract
- Civil/structural engineer – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Electrical engineer – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Mechanical engineer (where applicable) – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Construction manager - help with procurement and contract documentation and process, supervision, advice on technical queries
- Any of the above as principal agent, or alternatively a separate professional project manager

Fixed cost: 2.5% of cost of works

REFURBISHMENT (OPTION 3)

3.1 APPLICABILITY

RE/DEVELOPMENT OPTION	TYPE OF STOCK			
	Hostels – public and grey sectors	Balance of EEDBS (flats not transferred)	Post 1994 new public stock	Existing inner city buildings
3.Refurbishment	3.1 Basic	3.1 Basic		3.1 Basic
	3.2 Upgrade	3.2 Upgrade		3.2 Upgrade

Notes:

1. **Basic refurbishment** is applied in order to renovate existing residential buildings where structure and services are largely intact, but may require some remedial work to restore to full functionality, and finishes have deteriorated to an unacceptable level or are absent

2. **Upgrade refurbishment** is applied in order to renovate existing residential buildings where structure and services are largely intact, but may require some remedial work to restore to full functionality, and finishes have deteriorated to an unacceptable level or are absent. In addition the original specification is enhanced by for instance installing carpets on original cement floors and cupboards where previously there were none

3. **Terms used in the shaded blocks mean the following:**

3.1 Basic refurbishment (no upgrade) –

- Replacement, repair and redecoration of existing structure, finishes, fittings, structure and services as required to re-instate facility to its original state of functionality and habitability
- No alterations and additions to structure and layout
- No specification upgrade involved (e.g. no carpets, cupboards, etc where there were none to start with)

3.2 Upgrade refurbishment –

- Replacement, repair and redecoration of existing structure, finishes, fittings, structure and services as required to re-instate facility to its original state of functionality and habitability
- No alterations and additions to structure and layout
- Original specifications simultaneously upgraded (e.g. installation of carpets where there were only cement floors, cupboards where there were none to start with, etc.)

4. Basic refurbishment could be carried out while units remain occupied, provided there is good facilitation and co-ordination with residents

5. Upgrade refurbishment could also be carried out while units are occupied, but with more disruption and co-ordination required

6. If temporary accommodation is available on or near the site, temporary relocation may be a more practical option for both types of refurbishment

3.2 FEASIBILITY STUDY GUIDELINES

For this option a reasonably comprehensive feasibility study is required, and it

would generally entail preparing the following:

- Condition survey, including establishing scope of work required
- Socio-economic survey to determine need and affordability of refurbished accommodation
- Conceptual design
- Preliminary cost estimates
- Financial viability study and cash-flows

3.3 OUTLINE SCOPE OF WORKS

3.3.1 BASIC REFURBISHMENT (NO SPECIFICATION UPGRADE):

- Repair leaking and blocked sewers on site
- Repair leaking water pipes
- Repair/replace broken sanitary fittings
- Make electrical installation safe (repair/replace power sockets, light fittings, ensure no open live wiring, repair/install earth leakage/trip switches, etc)
- Repair electrical installation to ensure adequate light and power where needed
- Take minimum measures to ensure effective storm water disposal and prevent flooding and ponding around buildings (grading, open channels, stabilised earth berms or sand bag barriers)
- Clean site and remove rubble, excessive vegetation, etc that may pose hazards to health and safety
- Repair/supplement rubbish bins and refuse collection areas
- Improve security (repair fences and gates, repair/replace damaged entrance door locks and/or doors)
- Replace broken window panes
- Repair/replace and repaint damaged and rusting steel fire escape stairs, walkway and balcony balustrading and hand rails
- Repair damaged waterproofing to concrete roofs, etc
- Seal porous and leaking external walls
- Repair/reseal/replace damaged/leaking roof tiles and sheets
- Repair broken/malfunctioning lifts
- Open up, reinforce as necessary, and fill cracks, holes, pitted floor and wall surfaces, etc

- Strip/sand down/wire brush existing paint finishes, clean surfaces, prepare and apply new finishes
- Lift part or whole of floor finishes, clean surfaces, prepare and patch/apply new finishes if applicable
- Remove and replace defective parts of roofs and ceilings where applicable
- Repair/replace damaged/defective fascias, gutters and down pipes
- Service/repair/replace door locks, window furniture, fittings and fixtures as required
- Replace defective/damaged door locks and/or doors complete
- Break out and replace door frames if required, and make good walls and finishes
- Break out and replace window frames if required, and make good walls and finishes

- Replace defective parts of water and waste pipe installations
- Repair/replace damaged/defective sanitary fittings, taps, etc
- Repair/replace damaged cabinets, cupboards and other fittings

3.3.2 FOR UPGRADE REFURBISHMENT – IN ADDITION TO 3.3.1 ABOVE

- Install carpeting and/or vinyl flooring on original cement floors
- Install sink cabinets where none existing
- Install bedroom wardrobes or lockers where none existing
- Install ceilings where none existing
- Upgrade electrical installation

3.4 ESTIMATED PROJECT CAPITAL COST

Total Project Capital Cost comprises the following elements:

- Cost of feasibility studies
- Cost of community facilitation
- Cost of temporary relocation
- Cost of tenant regularisation
- Cost of works
- Professional fees

Cost of each element above calculated by multiplying the given rate per square metre with the total of all enclosed covered building areas at all floor levels of the buildings to be demolished

3.4.1 COST OF FEASIBILITY STUDIES

Includes for:

- Costs and consulting fees for activities as per Feasibility Study Guidelines (3.2) above

Fixed Cost: 2.5% of cost of works

3.4.2 COST OF COMMUNITY FACILITATION Includes for:

- All communication and co-ordination of project execution with community structures on an ongoing basis
- Conducting a series of information and planning workshops with the community

Fixed Cost: R500 per unit

3.4.3 COST OF RELOCATION

Permanent relocation:

It is suggested the municipality applies for the relocation grant under the Informal Settlement Upgrading Programme

If the above not contemplated, the rate that could be used for permanent relocation is R36.00/m^2, which includes for:

- Loading and Transport
- Social services support
- Food support

Temporary relocation on or near the site: Includes

for:

- Loading and moving residents and belongings to new temporary accommodation
- Loading and moving residents and belongings back into new infill accommodation on site
- Food support

Rate: R42.00/m^2

3.4.4 COST OF TENANT REGULARISATION

Includes for:

- Tenant audit to determine identity and legal status of tenants, who occupies units, occupation densities, affordability levels
- Preparing new leases and ensuring all tenants sign them, and tenant data files are updated
- Drawing up lists of tenants requiring "rightsizing" (cost of physical relocation elsewhere)

Fixed cost: R350 per unit

3.4.5 COST OF WORKS

Cost of refurbishment includes for:

- Contract preliminaries
- Cost of refurbishment work as per Outline Scope of Works (3.3) above
- Contract contingencies (10%)
- Allowance for building cost escalations during planning (6 months) and implementation (12 months) periods after date of application

Rates:

- **Basic refurbishment: R2650.00/m^2**
- **Upgrade refurbishment: R3240.00/m^2**

3.4.6 PROFESSIONAL FEES

Includes for fees and disbursements for the following professionals employed to manage the works execution phase, and excluding any of the functions under feasibility studies above:

- Architect – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Quantity surveyor – help with procurement and contract documentation and process, financial administration of the contract
- Civil/structural engineer – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Electrical engineer – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Mechanical engineer (where applicable) – help with technical, procurement and contract documentation and process, supervision, advice on technical queries

- Construction manager - help with procurement and contract documentation and process, supervision, advice on technical queries
- Any of the above as principal agent, or alternatively a separate professional project manager

Fixed cost: 7.5% of cost of works

CONVERSION (OF HOSTELS OR EXISTING INNER CITY BUILDINGS) (OPTION 4)

4.1 APPLICABILITY

RE/DEVELOPMENT OPTION	TYPE OF STOCK			
	Hostels - public and grey sectors	Balance of EEDBS (flats not transferred)	Post 1994 new public stock	Existing inner city buildings
4. Conversion	4.1 Hostels			4.2 Simple
				4.3 Complex

Notes:

1. Hostels:

To convert single sex dormitory accommodation with inadequate facilities, privacy and security where occupants live in isolation from surrounding communities into integrated, quality living environments with self-contained that are affordable to the mainly poor occupants

Possible types of conversion:

- To “family” units (1, 2 bedroom)
- To bedsitter/bachelor flats (1 or 2 beds)
- To communal units with shared facilities (max 12 bed)

2. Existing inner city buildings:

To turn unutilised, run-down buildings originally designed for residential or other purposes into viable complexes that provide permanent, secure and affordable residence to individuals, couples and families in the inner city

Possible types of conversion to bachelor, 1,2 bedroom flats from:

- Office buildings
- Hotels and residential hotels
- Residences

Although possible to convert warehouses, hospitals, schools, etc., specs and costs are too varied and complex to build into generic model – excluded therefore, from this model. Options outside of this model suggested:

1. Applications for standard grant with top up from own funds
2. Application with motivation, costing and feasibility per project

3. Terms used in the shaded blocks mean the following:

- 4.1: Hostel conversion –

- Alterations and additions to structure and layout to change from dormitories to self-contained units, incorporating simultaneous replacement, repair and re-decoration of existing structure, fittings and finishes as required

- Dormitories –

- Typical hostel configurations consisting of small bed cubicles or communal sleeping halls sharing limited ablution, cooking and dining facilities

- Self-contained units –

- Bachelor, single or multi-bedroom flats with self-contained cooking, dining and ablution facilities within the unit, and reasonably sized communal units (8-12 beds) with shared facilities within the unit

- 4.2: Simple conversion of existing inner city buildings –

- Minor alterations and additions to structure, layout and services

- Simultaneous rehabilitation of structure, finishes, fittings and services of existing parts not altered

- Applies to existing residential buildings where each residential unit to be converted already has some individual wet service core, and the unit configuration is already modular (e.g. hotel suites with en-suite bathrooms and/or kitchenettes).

- 4.3: Complex conversion of existing inner city buildings

- More extensive alterations and additions to structure, layout, fittings and services to effect complete change in configuration and use

- Applies to buildings where there are only centralised existing wet cores (offices, hotels and residences with communal ablution facilities and central cooking and dining), and where the re-configuration may require more extensive structural alterations (e.g. demolition and re-positioning of walls

  to create modular units in open plan areas, including possible reinforcement of supporting structures as required)

4. Although the original condition of a facility (poor/fair) has some influence on the cost of conversion, no distinction is made in the rates applicable to those options for the original condition. The problem is that in assessing original condition, the categorisation into poor or fair becomes to some extent a discretionary call, especially in marginal cases. Also conversion usually entails such an extent of removal and simultaneous rehabilitation of existing work, that the importance of the original condition is to a certain extent negated (except with regard to site services). The estimated capital cost rates given make provision therefore, for an average degree of remedial work to site services, but do not cover major or complete replacement of site services, which must be carried out by the municipality under another programme/funding arrangement.

5. Conversion results in loss of existing accommodation on a permanent and/or temporary basis. It requires therefore, extensive community facilitation, as well as providing for temporary or permanent relocation. For relocation under this option it is suggested that for permanent relocation the municipality could apply for the relocation grant as per the Informal Settlement Upgrading Programme. A rate is given below for temporary relocation where residents are accommodated elsewhere on or near the site and brought back again as redevelopment is completed in phases

4.2 FEASIBILITY STUDY GUIDELINES

For this option a reasonably comprehensive feasibility study is required, and it would generally entail preparing the following:

- Building assessment, including establishing scope of work required
- Socio-economic survey to determine need and affordability of converted accommodation
- Urban design framework or similar contextual motivation report
- Conceptual design
- Preliminary cost estimates
- Financial viability study and cash-flows

4.3 OUTLINE SCOPE OF WORKS

4.3.1 THE WORK FOR HOSTEL CONVERSION COMPRISES

- Removal of fittings and pipe work in communal ablutions and kitchens
- Re-positioning of walls as required for compartmentalisation into

separate units in terms of new designs

- Re-positioning of doors and windows as required for compartmentalisation into separate units in terms of new designs
- Building extensions as required by new designs
- Installation of new kitchens and bathrooms to individual units
- Installation of electrical distribution boards, lights and power outlets to each self-contained unit
- Extension of site services to pick up individual unit connections
- Renovation/rehabilitation of remaining existing works as per refurbishment options

4.3.2 THE WORK FOR SIMPLE CONVERSION OF EXISTING INNER CITY BUILDINGS COMPRISES

- Minor re-positioning of walls as required to render separate units more functional in terms of new designs
- Minor re-positioning of doors and windows as required to render separate units more functional in terms of new designs
- Minor alterations/upgrading of existing kitchens and bathrooms to individual units
- Installation of separate geysers to each unit (if not already in)
- Renovation/rehabilitation of remaining existing works as per Refurbishment options

4.3.3 THE WORK FOR COMPLEX CONVERSION OF EXISTING INNER CITY BUILDINGS COMPRISES

- Removal of fittings and pipe work in centralised ablutions and tea kitchens
- Re-positioning of walls as required for compartmentalisation into separate units in terms of new designs
- Structural adaptations in multi-storey buildings to accommodate new layouts
- Re-positioning of doors and windows as required for compartmentalisation into separate units in terms of new designs
- Building extensions as required by new designs
- Installation of new kitchens and bathrooms to individual units
- Installation of electrical distribution boards, lights and power outlets to each new self-contained unit

- Extension of site services to pick up individual unit connections
- Renovation/rehabilitation of remaining existing works as per Refurbishment options

4.4 ESTIMATED PROJECT CAPITAL COST

Total Project Capital Cost comprises the following elements:

- Cost of feasibility studies
- Cost of community facilitation
- Cost of temporary relocation
- Cost of tenant regularisation
- Cost of works
- Professional fees

Cost of each element above calculated by multiplying the given rate per square metre with the total of all enclosed covered building areas at all floor levels of the buildings to be demolished

4.4.1 COST OF FEASIBILITY STUDIES

Includes for:

- Costs and consulting fees for activities as per Feasibility Study Guidelines (4.2) above

Fixed Cost: 2.5% of cost of works

4.4.2 COST OF COMMUNITY FACILITATION

Includes for:

- All communication and co-ordination of project execution with community structures on an ongoing basis
- Conducting a series of information and planning workshops with the community

Fixed Cost: R500 per unit

4.4.3 COST OF RELOCATION

Permanent relocation:

It is suggested the municipality applies for the relocation grant under the Informal Settlement Upgrading Programme

If the above not contemplated, the rate that could be used for permanent relocation is R36.00/m^2, which includes for:

- Loading and Transport
- Social services support
- Food support

Temporary relocation on or near the site:

Includes for:

- Loading and moving residents and belongings to new temporary accommodation
- Loading and moving residents and belongings back into new infill accommodation on site
- Food support

Rate: R42.00/m^2

4.4.4 COST OF TENANT REGULARISATION

Includes for:

- Tenant audit to determine identity and legal status of tenants, who occupies units, occupation densities, affordability levels
- Preparing new leases and ensuring all tenants sign them, and tenant data files are updated
- Drawing up lists of tenants requiring "rightsizing" (cost of physical relocation elsewhere)

Fixed cost: R350 per unit

4.4.5 COST OF WORKS

Cost of conversion works includes for:

- Contract preliminaries
- Cost of conversion work as per Outline Scope of Works (4.3) above
- Contract contingencies (10%)
- Allowance for building cost escalations during planning (9 months) and implementation (12 months) periods after date of application

Rates:

- **Hostel conversion: R4860.00/m^2**
- **Simple conversion of existing inner city buildings: R3880.00/m^2**
- **Complex conversion of existing inner city buildings: R6510.00/m^2**

4.4.6 PROFESSIONAL FEES

Includes for fees and disbursements for the following professionals employed to manage the works execution phase, and excluding any of the functions under feasibility studies above:

- Architect – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Quantity surveyor – help with procurement and contract documentation and process, financial administration of the contract
- Civil/structural engineer – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Electrical engineer – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Mechanical engineer (where applicable) – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Construction manager - help with procurement and contract documentation and process, supervision, advice on technical queries
- Any of the above as principal agent, or alternatively a separate professional project manager

Fixed cost: 9.5% of cost of works

NEW BUILD INFILL ON HOSTEL REDEVELOPMENT SITES (OPTION 5)

5.1 APPLICABILITY

RE/DEVELOPMENT OPTION	TYPE OF STOCK			
	Hostels – public and grey sectors	Balance of EEDBS (flats not transferred)	Post 1994 new public stock	Existing inner city buildings
5.New build infill on existing site	5.1 Walk-ups			

Notes:

1. New build infill on existing sites - New buildings with self-contained units in open space as part of hostel sites densification, or to replace demolished buildings. To achieve better site utilisation through densification (building in existing open spaces), or replacement of derelict parts of the facilities with new ones

2. Walk-ups - new buildings from 2 to maximum 4 storeys in height, with floor slabs on load-bearing masonry, and/or framed concrete structures with infill walls, conventional pitched roofs as above, with a mix of self-contained units (bedsitters, I, 2 bedroom units and communal units with shared facilities), and with the different levels connected by external stairs (no lifts)

3. It is assumed that newbuild infill will only apply to hostel redevelopment projects, and not on sites containing EEDBs or existing inner city buildings
4. It is possible that a local authority may consider the possibility of medium to high-rise new build projects in inner city areas. Rates for such buildings are influenced by too many variables depending on the actual height (special foundations, wind loadings, number and speed of lifts, fire safety measures) for it to be practical to give a standard rate. This option is therefore, not provided. Again If required it is suggested that it be treated as a special case, and that funding is provided on the basis of specific cost estimates

5.2 FEASIBILITY STUDY GUIDELINES

For this option a comprehensive feasibility study is required, and it would generally entail preparing the following:

- Site assessment, including updated geotechnical survey
- Socio-economic survey to determine need and affordability of newly built accommodation

- Urban design framework or similar contextual motivation report
- Conceptual design
- Preliminary cost estimates
- Financial viability study and cash-flows

5.3 OUTLINE SCOPE OF WORKS

The work for newbuild infill after feasibility, facilitation, and regularisation comprises:

- Design development and technical documentation
- Building contract procurement – documentation and process
- Construction and contract administration
- Contract completion, handover and close-out
- Leasing, tenant training, and handing over units for occupation

5.4 ESTIMATED PROJECT CAPITAL COST

Total Project Capital Cost comprises the following elements:

- Cost of feasibility studies
- Cost of community facilitation
- Tenanting cost
- Cost of works
- Professional fees

5.4.1 COST OF FEASIBILITY STUDIES Includes for:

- Costs and consulting fees for activities as per Feasibility Study Guidelines

5.4.2 COST OF COMMUNITY FACILITATION Includes for:

- All communication and co-ordination of project execution with community structures on an ongoing basis
- Conducting a series of information and planning workshops with the community

5.4.3 TENANTING COST

This could have been added to community facilitation costs, but it is

suggested that the facilitation rate be kept standard across all options, and a separate allowance be made for tenanting of newly built units. (It could also be included under cost of works, but that would affect professional fees)

Includes for:

- Recruiting tenants, preparation and signing of leases, processing applications and screening tenants, unit allocation, tenant training and handing over of units for occupation

5.4.4 COST OF WORKS

Cost of conversion works includes for:

- Contract preliminaries
- Cost of conversion work as per Outline Scope of Works (5.3) above
- Contract contingencies (5%)
- Allowance for building cost escalations during planning (9 months) and implementation (12 months) periods after date of application

5.4.5 PROFESSIONAL FEES

Includes for fees and disbursements for the following professionals employed to manage the works execution phase, and excluding any of the functions under feasibility studies above:

- Architect – project design, help with technical, procurement and contract documentationand process,supervision, advice ontechnical queries
- Quantity surveyor – help with procurement and contract documentation and process, financial administration of the contract
- Civil/structural engineer – civil/structural design, help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Electrical engineer – electrical design, help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Construction manager - help with procurement and contract documentation and process, supervision, advice on technical queries
- Any of the above as principal agent, or alternatively a separate professional project manager

5.5 SUMMARY OF COSTING GUIDELINES AND FUNDING LIMITS - NEWBUILDS

Unit type and description	Per unit cost limits - all including VAT					
	Construction cost - top structure	Profession -al fees (7.5%)	Feasibility & specialist fees (3.5%)	Social facilitation	Tenant admin	TOTAL COST PER UNIT
1B - Rooms with communal facilities	R124 735	R9 355	R4 366	R500	R350	**R139 306**
1C - Bachelor, self contained	R170 627	R12 797	R5 972	R500	R350	**R190 246**
2A - One bedroom, self contained	R221 385	R16 604	R7 748	R500	R350	**R246 588**
2B - One bedroom, self contained	R233 218	R17 491	R8 163	R500	R350	**R259 722**
2C - One bedroom, self contained	R210 917	R15 819	R7 382	R500	R350	**R234 968**
3A - Two rooms with shared facilities	R298 049	R22 354	R10 432	R500	R350	**R331 685**
3B - Two rooms with shared facilities	R296 252	R22 219	R10 369	R500	R350	**R329 690**
3C - Two rooms with shared facilities	R304 313	R22 823	R10 651	R500	R350	**R338 637**
3D - Two rooms with shared facilities	R299 165	R22 437	R10 471	R500	R350	**R332 923**
3F - Two bedroom, self contained, main and small bedroom	R301 390	R22 604	R10 549	R500	R350	**R335 393**
3G - Two bedroom, self contained, equal size bedrooms	R320 022	R24 002	R11 201	R500	R350	**R356 074**
5 - Two bedroom duplex family unit with own yard	R355 222	R26 642	R12 433	R500	R350	**R395 146**

NEW BUILD – GREENFIELDS SITES (OPTION 6)

6.1 APPLICABILITY

RE/DEVELOPMENT OPTION	TYPE OF STOCK			
	Hostels – public and grey sectors	Balance of EEDBS (flats not transferred)	Post 1994 new public stock	Existing inner city buildings
6.New build on greenfields sites			6.1 Walk-ups	

Notes:

1. To provide a funding mechanism for municipalities to create new stock in integrated settlements where developers or other government programmes (e.g. project subsidy) are not adequately addressing the need. In this option it constitutes complete new builds to create municipal rental stock on greenfield sites, including for providing new service connections but not bulk infrastructure that is funded through infrastructure capital budgets, MIG, or other external sources of funding

2. Walk-ups - new buildings from 2 to maximum 4 storeys in height, with floor slabs on load-bearing masonry, and/or framed concrete structures with infill walls, conventional pitched roofs as above, with a mix of self-contained units (bedsitters, I, 2 bedroom units and communal units with shared facilities), and with the different levels connected by external stairs (no lifts)

3. It is possible that a local authority may consider the possibility of medium to high- rise new build projects in inner city areas. Rates for such buildings are influenced by too many variables depending on the actual height (special foundations, wind loadings, number and speed of lifts, fire safety measures) for it to be practical to give a standard rate. This option is therefore, not provided. Again If required it is suggested that it be treated as a special case, and that funding is provided on the basis of specific cost estimates

6.2 FEASIBILITY STUDY GUIDELINES

For this option a comprehensive feasibility study is required, and it would generally entail preparing the following:

- Site assessment, including updated geotechnical survey
- Socio-economic survey to determine need and affordability of newly built accommodation
- Urban design framework or similar contextual motivation report
- Conceptual design
- Preliminary cost estimates
- Financial viability study and cash-flows

All redevelopment options assumed to be either on government-owned land, or if not, that land acquisition and formal town planning procedures such as township establishment, re-zoning, etc to be done outside of this programme. No allowance in any of the rates therefore, for any of the following:

1.1 Transfers and conveyancing (and related costs)

1.2 Town planning procedures and costs (establishment, re-zoning, bulk contributions, etc.), including EIAs

1.3 Municipal plan scrutiny fee

Although geotechnical surveys are also part of township establishment, provision have been made for them in this option, because it may be that newbuilds are developed on council land without establishment first taking place

6.3 OUTLINE SCOPE OF WORKS

The work for newbuild greenfields after feasibility, and facilitation, comprises:

- Design development and technical documentation
- Building contract procurement – documentation and process
- Construction and contract administration
- Contract completion, handover and close-out
- Leasing, tenant training, and handing over units for occupation

6.4 ESTIMATED PROJECT CAPITAL COST

Total Project Capital Cost comprises the following elements:

- Cost of feasibility studies
- Cost of community facilitation
- Tenanting cost
- Cost of works

- Professional fees

Cost of each element above calculated by multiplying the given rate per square metre with the total of all enclosed covered building areas at all floor levels of the buildings to be demolished

6.4.1 COST OF FEASIBILITY STUDIES

Includes for:

- Costs and consulting fees for activities as per Feasibility Study Guidelines (6.2) above

6.4.2 COST OF COMMUNITY FACILITATION

Includes for:

- All communication and co-ordination of project execution with community structures on an ongoing basis
- Conducting a series of information and planning workshops with the community

6.4.3 TENANTING COST

This could have been added to community facilitation costs, but it is suggested that the facilitation rate be kept standard across all options, and a separate allowance be made for tenanting of newly built units. (It could also be included under cost of works, but that would affect professional fees)

Includes for:

- Recruiting tenants, preparation and signing of leases, processing applications and screening tenants, unit allocation, tenant training and handing over of units for occupation

6.4.4 COST OF WORKS

Cost of conversion works includes for:

- Contract preliminaries
- Cost of new construction work as per Outline Scope of Works (6.3) above
- Contract contingencies (5%)
- Allowance for building cost escalations during planning (9 months) and implementation (12 months) periods after date of application

6.4.5 PROFESSIONAL FEES

Includes for fees and disbursements for the following professionals employed to manage the works execution phase, and excluding any of the functions under feasibility studies above:

- Architect – project design, help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Quantity surveyor – help with procurement and contract documentation and process, financial administration of the contract
- Civil/structural engineer – civil/structural design, help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Electrical engineer – electrical design, help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Construction manager - help with procurement and contract documentation and process, supervision, advice on technical queries
- Any of the above as principal agent, or alternatively a separate professional project manager

6.5 COSTING GUIDELINES AND FUNDING LIMITS - NEWBUILDS

Unit type and description	Per unit cost limits - all including VAT					
	Construction cost - top structure	Profession -al fees (7.5%)	Feasibility & specialist fees (3.5%)	Social facilitation	Tenant admin	TOTAL COST PER UNIT
1B - Rooms with communal facilities	R124 735	R9 355	R4 366	R500	R350	**R139 306**
1C - Bachelor, self contained	R170 627	R12 797	R5 972	R500	R350	**R190 246**
2A - One bedroom, self contained	R221 385	R16 604	R7 748	R500	R350	**R246 588**
2B - One bedroom, self contained	R233 218	R17 491	R8 163	R500	R350	**R259 722**
2C - One bedroom, self contained	R210 917	R15 819	R7 382	R500	R350	**R234 968**
3A - Two rooms with shared facilities	R298 049	R22 354	R10 432	R500	R350	**R331 685**
3B - Two rooms with shared facilities	R296 252	R22 219	R10 369	R500	R350	**R329 690**
3C - Two rooms with shared facilities	R304 313	R22 823	R10 651	R500	R350	**R338 637**
3D - Two rooms with shared facilities	R299 165	R22 437	R10 471	R500	R350	**R332 923**
3F - Two bedroom, self contained, main and small bedroom	R301 390	R22 604	R10 549	R500	R350	**R335 393**
3G - Two bedroom, self contained, equal size bedrooms	R320 022	R24 002	R11 201	R500	R350	**R356 074**
5 - Two bedroom duplex family unit with own yard	R355 222	R26 642	R12 433	R500	R350	**R395 146**

LONG-TERM CAPITAL MAINTENANCE (OPTION 7)

7.1 APPLICABILITY

RE/DEVELOPMENT OPTION	TYPE OF STOCK			
	Hostels – public and grey sectors	Balance of EEDBS (flats not transferred)	Post 1994 new public stock	Existing inner city buildings
8. Long-term capital maintenance				

Notes:

1. Assumed this option applies to post-1994 new stock 5 years after construction, and to other types of stock 5 years after stabilisation, new build infill, refurbishment, and conversion.
2. Strictly speaking allowances for long-term capital maintenance would also be influenced by both the original condition of the refurbished/converted facility, and the extent and quality of rehabilitation work done on it, but this probably gets too complicated to quantify and assess. Only one standard amount for each type is therefore, suggested

7.2 FEASIBILITY STUDY GUIDELINES

For this option a very basic feasibility study is required, and it would generally entail only the following:

- Basic community facilitation involving communication of intent, and co-ordination of works activities only
- A quick condition assessment (visual site survey) to compile a list of work to be done
- Cost estimates and cash-lows

7.3 OUTLINE SCOPE OF WORKS

Comprises the following where applicable:

- Repair leaking and blocked sewers on site
- Repair leaking water pipes
- Repair/replace broken sanitary fittings

- Clean site and remove rubble, excessive vegetation, etc that may pose hazards to health and safety
- Repair damaged fences and gates, repair/replace damaged entrance door locks and/or doors
- Replace broken window panes
- Repair and repaint damaged and rusting steel fire escape stairs, walkway and balcony balustrading and hand rails
- Repaint waterproofing to concrete roofs, etc
- Re-seal porous and leaking external walls
- Repair/reseal/replace damaged/leaking roof tiles and sheets
- Re-decorate (repaint walls, ceilings, fascias, gutters; patch damaged floor finishes)

7.4 ESTIMATED PROJECT CAPITAL COST

Total Project Capital Cost comprises the following elements:

- Cost of feasibility studies
- Cost of works
- Professional fees

Cost of each element above calculated by multiplying the given rate per square metre with the total of all enclosed covered building areas at all floor levels of the facility

NB: the rates below are valid for applications received up to end of March 2016. For all applications after that date, building cost inflation adjustments must be made

7.4.1 COST OF FEASIBILITY STUDIES Includes for:

Costs and consulting fees for activities as per Feasibility Study Guidelines (7.2) above

Fixed cost: 1.0% of cost of works

7.4.2 COST OF WORKS

Includes for:

- Contract preliminaries
- Works as per Works Activity Outline (8.3) above
- Contract contingencies (10%)
- Allowance for building cost escalations during planning (3 months) and implementation (3 months) periods within the financial year of application

Rate: R450.00/m^2

7.4.3 PROFESSIONAL FEES

Includes for fees and disbursements for the following professionals employed to manage the works execution phase, and excluding any of the functions under feasibility studies above:

- Architect – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Quantity surveyor – help with procurement and contract documentation and process, financial administration of the contract
- Civil/structural engineer – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Electrical engineer – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Mechanical engineer (where applicable) – help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Construction manager - help with procurement and contract documentation and process, supervision, advice on technical queries
- Any of the above as principal agent, or alternatively a separate professional project manager

Fixed cost: 2.5% of cost of works

CRU APPLICATION FORM OUTLINE

Project information

Project name
Project location
Provincial or municipal project?
Municipality
Contact person
Contact details

Project details

Size of total project property in m^2:
Size of total buildings on project (currently) in m^2:
No. of units/beds (currently):
No. of buildings (currently):
Redevelopment option (indicate):
- Stabilisation
- Redevelopment
  - Redevelop
  - Refurbish
  - Demolish & new build
  - Conversion
- CRU Greenfields / new build
- Long-term capital maintenance

Stock condition survey findings/overall rating: (attach survey)
Redevelopment proposal (attach feasibility with project details)
- No. of units No.
- of building Total
- m^2 of units
- Unit mix breakdown (including m^2 of units):

Project progress milestones breakdown
- Milestone 1
- Milestone 2
- Milestone 3
- Milestone 4

Project target market

Existing residents (y/n):
Total number of residents (currently):
Number to be accommodated in project (post-development):

%Male
%Female
%Children
%Singles
%Family
%Elderly

No. of tenants requiring rent relief assistance in the project:
Use of local contractors/ emerging contractors (y/n)? Complete profile of contractor/developer on HSS system
Use of EPWP tendering process? (y/n)

CRU funding requirements

Projected total project development cost (based on matrix in Rands):
(include detailed financial feasibility of project to justify this funding. Funding must exclude SCCA, geo-tech and disability allowances)

CRU project payment milestone (in Rands based on feasibility):

Milestone 1
Milestone 2
Milestone 3
Milestone 4

Risk management breakdown included in feasibility: (y/n)
MIG funding required (y/n)? Amount:
Geo-tech allowance (y/n)? Specify
SCCA allowance (y/n)? Specify
Disability allowance (y/n)? Specify
Projected operating budget for the project (incl. municipal/provincial commitment for funding the operating costs):
Breakdown of rentals per unit (based on rent setting formula):
Anticipated indigent support to the project (Rands, based on no. above):
Facilitation grant funding required (Rands):

Processing of CRU funding application

Provincial contact person:
Date of submission of application:

Date of approval of application:
Project start date:

Project end date:

Status of project:

MONITORING & EVALUATION REPORTING SCHEDULE OUTLINE

Project name
Project
location
Contact
person
Contact
details Project
number:

Project management process reporting

(to be done by provinces in HSS system on a quarterly basis)

Project
developer:
Project owner:
Actual Contract value:
Project progress milestones
reporting\ Milestone 1
Milestone 2
Milestone 3
Milestone 4
Project payment milestones reporting
Milestone 1
Milestone 2
Milestone 3
Milestone 4
Start date of project:
Completion date of
project:
Occupation date of project (100%
occupation): Project status:
Property owner:
Management: - in-house / outsourced
If outsourced: Property management agent: