

PORTFOLIO COMMITTEE :

COMMUNITY SERVICES

Chairperson :

Cllr R Nutt

Committee Members :

**Ald K Brice, Cllrs T Els,
K Ngqandana and B Nombula**

COMMUNITY SERVICES PORTFOLIO COMMITTEE

19 May 2026

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19 May 2026
(Also the agenda for the Mayoral Committee Meeting: 26 May 2026)**

APPLICATIONS FOR LEAVE OF ABSENCE

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6. Background/Discussion/Evaluation/Conclusion

Background

As from May 2023, the total number of 215 erven were made available as serviced sites to the qualifying potential beneficiaries in terms of the First Home Finance Programme (FHFP) also known as Finance Linked Individual Subsidy Programme (FLISP). This entail making the serviced site available at no cost to qualifying potential beneficiaries earning between R3,501 and R15,800 per month, those between R15,801 and R22,000 per month may purchase the site at an affordable price as they are partially subsidised whereas those who are earning above R22,000 per month could not be subsidised.

Furthermore, the Western Cape Department of Infrastructure, Human Settlements branch suggested that potential beneficiaries who earn above R22,000 per month may purchase the site at a market-related price in accordance with municipal statutory requirements. Lastly, potential beneficiaries must be registered on Western Cape Housing Demand Database (WCHDDDB) in order to be eligible to purchase the site and they must meet all qualifying criteria for FHFP except income requirement.

An overview of FHFP as set out in the policy is as follows:

One of the objectives of the Government's housing programme is to provide assistance to households who are unable to independently access mortgage finance to acquire a residential property. Typically, these households earn too little to qualify for mortgage finance on the one hand and on the other their monthly income exceeds the maximum income limit applicable to Government's "free basic house" Housing Subsidy Scheme. The particular market segment is generally referred to as the "affordable" or the "gap market".

Hence, the FHFP provides a subsidy to qualifying beneficiaries who have secured mortgage finance to acquire an existing house, or a vacant residential serviced stand linked to a house construction contract. The objective of the Programme is to reduce the initial mortgage loan amount to render the monthly loan repayment instalments affordable over the loan repayment term and/or to make good any shortfall between the qualifying loan amount and the total product price subject to the conditions of the Programme.

Furthermore, in year 2022 "FLISP" provided a "Deed of Sale transaction" option, whereby a written agreement can be entered into, in order to purchase a residential property in monthly instalments over an agreed period. This particular option is however in contradiction with Section 164(i)(c)(iii) of the Municipal Finance Management Act no. 53 of 2005 (MFMA), whereby a municipality is not allowed to grant a loan to members of the public.

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Exemption for Provisions of Section 10A and 10B of Housing Act:

It is recommended that the sales restriction provisions under Section 10 of the Housing Act, 1997 (Act No. 107 of 1997) should be applied on properties acquired through this project because civil Infrastructure was subsidised base by Western Cape Provincial government. However, it was confirmed that the provisions under section 10(B)5 provides an alternative relief and must be applied retrospectively whilst the matter is addressed by means of an amendment to the Housing Act, 1997. The mentioned sections as per the Housing Amendment Act, 2001 provides for a pre-emptive right for a period of eight years to be registered against the particular property developed with government subsidy in favour of the relevant Provincial Department of Human Settlements. Section 10B(5) of the Housing Amendment Act, 2001 states that, *“An MEC may grant exemption from the provisions of subsection (1), either conditionally or unconditionally, in respect of any dwelling or site to which the provisions of that subsection apply”*.

Purpose of this Housing project:

To provide an opportunity to potential beneficiaries who can:

- acquire ownership of existing vacant serviced residential stands with approved building plans
- appoints home builders registered with the National Home Builders Registration Council (NHBRC) to construct their own new residential dwelling once the serviced residential stand are transferred to their names

Discussion

During the beneficiary administration process for FHFP subsidy applications, it became clear that some potential beneficiaries who earn above the FHFP subsidy threshold (above R22,000) do not qualify for the subsidy assistance in terms of the last-mentioned programme. It should be noted that the affected potential beneficiaries applied between August 2001 and September 2018 to be registered on the Housing Demand Database. Furthermore, it appears that at the time of their registration on the Housing Demand Database their combined household income was less than R22,000 per month.

Up on enquiry with Western Cape Provincial government, it was suggested that the affected potential beneficiaries should purchase the serviced sites from the Municipality on the “Market-related” price and they must still meet qualifying criteria for FHFP except the combined income household.

In the financial year 2023/2024 the Housing Administration appointed the Independent Professional Valuer to determine the “Market-related price of serviced sites being developed in Mount Pleasant and Westdene as part housing subsidise project. The Market-related prices provided by Independent

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Professional Valuer appeared to be more than double of service input cost. The referred developed serviced sites are in Upper Mount Pleasant known as Area 7 and Westdene known as Area 11 in terms of Overstrand housing development. The table below provides high level outcome report:

DESCRIPTIONS	MOUNT PLEASANT	WESTDENE
Service Input Cost	R48,602	R58,211
Market-related price ranges	R110,000 to R180,000	R400,000 to R450,000
Sizes range	201m ² to 522m ²	228m ² to 319m ²

The Market-related prices appear not to be affordable to the affected potential beneficiaries; it is proposed that the service input cost be used as the price per site and the inclusion of land costs in a price be waived.

This proposal is similar to Fountain-Hill affordable housing development in Gansbaai where the Council resolution dated 28 November 2018 prescribed that ***“In order to make the sites as affordable as possible to those potential beneficiaries, it is proposed that the bulk services contribution and land purchase costs be waived.....”***

Furthermore, Chapter 2 of the Municipal Asset Transfer Regulations, 2008, (Regulations to the Municipal Finance Management Act, no. 56 of 2003) deals with the transfer of permanent disposal of non-exempted capital assets (the latter including land and buildings) and stipulates the processes to be followed.

However, regulation 4(3)(b) clearly stipulates that the procedures for the transfer or disposal of non-exempted capital assets as stipulated in the said chapter are “not applicable to the transfer of housing on municipal land and the transfer of municipal land for the poor to beneficiaries of such housing”. This means that where Housing legislation and criteria is applicable to the transfer of the property, it is not necessary to follow a competitive process. As specific criteria for the allocation of the erven will be applicable and as the sole purpose is to provide housing to qualifying beneficiaries, it will not be necessary to follow a competitive bidding process.

It highly recommended that service input cost be used as the purchase price by the affected potential beneficiaries as attached **(Refer to Annexure A)**

Proposed Qualifying Criteria:

In order to qualify to purchase the serviced sites , all the potential beneficiaries must comply with the following:

- a. is a lawful resident in South Africa (i.e. citizen of the Republic of South Africa or in possession of a permanent residence permit. Certified copies of the relevant documents must be submitted with the application.

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- b. legally competent to contract (i.e. over 18 years of age or older or legally married/divorced and of sound mind);
- c. has not yet benefited from government assistance. Neither the person nor his/her spouse has previously derived benefits from the housing subsidy scheme which conferred benefits of ownership, leasehold or deed of grant or the right to convert the title obtained to either ownership, leasehold or deed of grant;
- d. must not have owned fixed property;
- e. must be married or cohabiting. He/she is married in terms of Civil Law or Customary Marriage or habitually cohabits with any other person. It is required that the property be registered in the names of both spouses in the Deeds Office;
- f. must be single with financial dependants. If not married he/she must have proven financial dependants. A financial dependant refers to any person who is financially dependent on the subsidy applicant and who permanently resides with the housing subsidy applicant; and
- g. monthly household income. The gross monthly household income must be within the range R22,001 and R60,000.

TABLE 1: SERVICED SITES DEVELOPED PER NEIGHBOURHOOD

NO.	VACANT LAND	PROJECT PHASES	NUMBER OF SITES
1	Mount Pleasant	Phase 1: Serviced Sites	102
		Phase 2: Serviced Sites	95
2	Hermanus: Westdene	Serviced Sites	18
TOTAL SERVICED SITES			215

The 215 serviced sites, Mount Pleasant and Hermanus: Westdene, were approved as part of an Integrated Residential Development Programme (IRDP) project in September 2021. The following potential beneficiaries residing in Mount Pleasant and Westdene, Hermanus were identified from WCHDDB for Overstrand Municipality (**Refer to Annexure B**).

TABLE 2: POTENTIAL BENEFICIARIES: SERVICED SITES, MOUNT PLEASANT AND WESTDENE, HERMANUS.

DESCRIPTION	TOTAL (PROPOSED) R22,001 TO R60,000
Mount Pleasant	21
Hermanus: Westdene	4
TOTAL POTENTIAL BENEFICIARIES	25

Sale of Properties:

The beneficiary may not sell or otherwise alienate his property for a period (currently eight years) prescribed by the Housing Act, 1997 from the date of

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transfer into his/her name, prior to offering the property to the Provincial Government.

Transfer of properties:

The costs, expenses and charges to be incurred in the transfer of the property. (the legal fees), including the registration of a mortgage bond must be financed by the beneficiary.

Administrative Process:

The following administrative process to be implemented, namely:-

- a) pre-screening of potential beneficiaries registered on WCHDDDB who applied for a housing opportunity in community where stands are developed.
- b) provisional allocation of the actual erf numbers in random order or lucky draw.
- c) Assisting the potential beneficiaries to get conveyancing Pro-forma statement(s).
- d) sign deed of sale with potential beneficiaries
- e) provide occupation letter to approved beneficiaries.
- f) monitor and assist to effect transfer of affordable stands to potential beneficiaries. If potential beneficiaries are not successful with purchase of serviced sites within timeframe provided, the Municipality may cancel potential beneficiaries' participation in the project.

7. Financial Implications

The disposal of erven will have to be accounted for at the service input cost finalised by the Directorate: Community Services

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: Proposed service input cost

Annexure B: Mount pleasant and Hermanus: Westdene : List of Potential Beneficiaries **(not attached as it contains personal information)**

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RECOMMENDATION TO THE EXECUTIVE MAYOR:

1. that the list of 25 potential beneficiaries earns above the threshold of First Home Finance Programme (FHFP) for respective neighbourhoods be **noted**;
2. that the following procedure for potential beneficiaries to finalise purchase, be approved:
 - (a) that potential beneficiaries be given 30 days written notice to finalise Deed of Sale; and
 - (b) that potential beneficiaries that do not respond to the first notice (30 days) be given a final written notice of 7 days.
3. that, in the event of any applicants not responding within the mentioned period of 7 days, the available housing opportunities be given to identified additional beneficiaries (replacements).

RECOMMENDATION TO THE COUNCIL:

that the service input cost be **approved** as the purchase price for potential beneficiaries whose combined household income exceeds the threshold for the First Home Finance Programme (FHFP).

RESPONSIBLE OFFICIAL :

TA GCOTYELWA

TARGET DATE FOR IMPLEMENTATION :

1 JUNE 2026

Civil Infrastructure Costs									
Nr	Erf Nr	m ²	Service Input Cost		Nr	Erf Nr	Service Input Cost		
Upper Mount Pleasant: Area 7 - 29 erven				Westdene, Hermanus: Area 11 - 18					
1	12558	214	R	48 602,00	1	12688	319	R	58 211,00
2	12559	299	R	48 602,00	2	12690	317	R	58 211,00
3	12560	221	R	48 602,00	3	12691	257	R	58 211,00
4	12561	276	R	48 602,00	4	12692	251	R	58 211,00
5	12562	272	R	48 602,00	5	12693	295	R	58 211,00
6	12563	201	R	48 602,00	6	12694	302	R	58 211,00
7	12564	216	R	48 602,00	7	12695	255	R	58 211,00
8	12565	284	R	48 602,00	8	12696	269	R	58 211,00
9	12566	263	R	48 602,00	9	12697	228	R	58 211,00
10	12567	214	R	48 602,00	10	12698	230	R	58 211,00
11	12568	302	R	48 602,00	11	12699	236	R	58 211,00
12	12569	522	R	48 602,00	12	12700	244	R	58 211,00
13	12570	405	R	48 602,00	13	12701	261	R	58 211,00
14	12571	304	R	48 602,00	14	12702	263	R	58 211,00
15	12572	284	R	48 602,00	15	12703	301	R	58 211,00
16	12573	356	R	48 602,00	16	12704	261	R	58 211,00
17	12574	302	R	48 602,00	17	12705	258	R	58 211,00
18	12575	247	R	48 602,00	18	12706	272	R	58 211,00
19	12576	364	R	48 602,00					
20	12577	329	R	48 602,00					
21	12578	266	R	48 602,00					
22	12579	404	R	48 602,00					
23	12580	303	R	48 602,00					
24	12581	288	R	48 602,00					
25	12582	331	R	48 602,00					
26	12583	278	R	48 602,00					
27	12584	374	R	48 602,00					
28	12585	416	R	48 602,00					
29	12586	323	R	48 602,00					