

PORTFOLIO COMMITTEE :

INFRASTRUCTURE SERVICES

Chairperson :

Cllr C Lerm

Committee Members :

**Ald R de Coning, Cllrs S Fourie,
M Sihlahla & V Bandeza**

INFRASTRUCTURE SERVICES PORTFOLIO COMMITTEE

21 October 2025

I N D E X

ITEM
NO

PAGE
NUMBER

APPLICATIONS FOR LEAVE OF ABSENCE

STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE
CHAIRPERSON

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| 1. | EXEMPTION OF BENEFICIARIES FROM ERF CONNECTION FEES AND
MONTHLY BILL FOR FLISP HOUSING PROJECTS IN THE OVERSTRAND
AREA | 1 |
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**AGENDA of the
Portfolio Committee : Infrastructure Services
21 October 2025
(Also the agenda for the Mayoral Committee Meeting : 28 October 2025)**

**1.
EXEMPTION OF BENEFICIARIES FROM ERF CONNECTION FEES AND MONTHLY
BILL FOR FLISP HOUSING PROJECTS IN THE OVERSTRAND AREA**

**D Hendriks
19 June 2025**

Principal Engineer

(028) 313 5059

1. Executive Summary

The primary objective of this report is to provide the Council with a detailed examination of the potential exemption of Municipal Services Connection Fees and Municipal Accounts for beneficiaries of the Finance Linked Individual Subsidy Program (FLISP). The FLISP is a subsidised housing scheme funded by the National Department of Human Settlements.

These fees represent a significant financial burden for beneficiaries before they start construction of their houses on the vacant sites. It is therefore proposed that an exemption period of up to two years be allowed for beneficiaries to start construction of their houses on the sites. During this period, beneficiaries will not be required to pay monthly municipal fees. If they begin construction during the two-year exemption period, the monthly fees will become payable. This approach aims to provide much-needed financial relief and stability as they transition into their new living situations, allowing them time to adapt and thrive in their communities.

2. Service Delivery and Budget Implementation Plan - IGNITE

Infrastructure Services
Project Management Unit

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services
Creation and maintenance of a safe and healthy environment

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act, 2003(Act 56 of 2003)
Constitution of the Republic of South Africa, 1996
Housing Act, 1997 (Act 107 of 1997)
National Housing Code, 2009

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Local Government: Municipal Systems Act (Act 32 of 2000)

6. Background/Discussion/Evaluation/Conclusion

Background

The Finance Linked Individual Subsidy Programme (FLISP) is a South African Government initiative designed to assist first-time homebuyers with a once-off subsidy to make homeownership more affordable. It specifically targets individuals with monthly incomes between R3,501 and R22,000 who may not qualify for other housing subsidies or traditional home loans due to affordability constraints.

In the Overstrand Municipal area four FLISP projects are being implemented in Hawston (107 sites), Mount Pleasant (301 sites), Stanford (48 sites) and Gansbaai (124 sites).

The Municipality received requests from beneficiaries of the program that an exemption period of up to two years be allowed for beneficiaries to start construction of their houses on the vacant sites.

Discussion

To facilitate the integration of beneficiaries of the FLISP projects into the housing market, to promote spatial integration and to provide financially affordable housing opportunities, the Overstrand Municipality has implemented a range of supportive measures, such as:

- Providing three different building plans for house of various sizes at no cost,
- Providing a reduced building plan approval fee for beneficiaries of subsidised housing programs
- Engagement is currently underway with the Department of Infrastructure to further develop a start-up model house for individuals in the FLISP category.

The Municipality's efforts to enhance the secondary housing market by implementation various FLISP project have inadvertently created a significant is the financial burden on the beneficiaries of the program, who are required to pay the monthly municipal bill, where they are not occupying the sites, in addition to continuing to pay rent at their current residences.

Additionally, the beneficiaries must also pay the connection fee of R8 665 according to the 2025/2026 tariffs. This amount is made up as follows:

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Connection fees		
SERVICE	TARIFF CODE	AMOUNT (VAT Incl.)
Water (cost of meter)	W6A4	R 2 049
Electricity (cost of meter)	E10A16	R 4 116
Sewer connection	SE9D3	R 2 500
TOTAL		R 8 665

Motivation

It would be beneficial for both the Municipality and the beneficiaries to carefully examine the existing financial strain posed by the erf connection fees and monthly billing. By exploring potential exemptions, they could significantly enhance affordability, making it easier for beneficiaries to commence building their houses in the gap or secondary market. In this context, Overstrand Municipality stands out as a beacon of innovation, taking the lead in its proactive approach to providing service sites for individuals in need.

Conclusion

To make it financially viable for the beneficiaries, it is proposed that Council consider the following:

1. Upon registration of the property in the name of the beneficiary in the deeds office, and its subsequent reflection in the municipal systems, the monthly accounts be waived for 24 months, or up to the date that the beneficiary commences with building activities after building plan approval (whichever comes first);
2. The erf connection fee for the beneficiaries of the FLISP program be revisited during the new budget cycle for 2026/2027 as these services are being subsidised through the subsidy scheme; and
3. That consideration should be given of a revised tariff for erf connections for the beneficiaries of FLISP program within the current tariff structures of 2025/2026, recognising that the subsidy covers the erf connection fee.

7. Financial Implications

Source of Funding eg. Capital/MIG & Surplus funding

Unique Key	: To be confirmed
Cost Account	: To be confirmed
Item Description	:
Budget Provision 2025/2026 (MIG)	:

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Budget Provision 2025/2026(Surplus) :
Total Budget Provision 2025/2026 :
Balance Available :
Funds Required (*This report) :

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

None

RECOMMENDATION TO THE COUNCIL:

To make it financially viable for the beneficiaries of the government subsidised FLISP program, it is proposed that Council **approves** the following:

1. Upon registration of the property with the deeds office and its subsequent reflection in the municipal systems, that the monthly accounts be waived for 24 months or once the beneficiary commence with building activities after building plan approval (whichever comes first); and
2. That the following erf connection fees of R8 665 be applicable for the 2025/2026 financial year:

SERVICE	TARIFF CODE	AMOUNT (VAT Incl.)
Water (cost of meter)	W6A4	R 2 049
Electricity (cost of meter)	E10A16	R 4 116
Sewer connection	SE9D3	R 2 500

RESPONSIBLE OFFICIAL :

D HENDRIKS

TARGET DATE FOR IMPLEMENTATION :

1 NOVEMBER 2025

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**D Hendriks
19 June 2025**

Principal Engineer

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**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
21 OCTOBER 2025, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

To make it financially viable for the beneficiaries of the government subsidised FLISP program, it is proposed that Council **approves** the following:

1. Upon registration of the property with the deeds office and its subsequent reflection in the municipal systems, that the monthly accounts be waived for 24 months or once the beneficiary commence with building activities after building plan approval (whichever comes first);
2. That the following erf connection fees of R8 665 be applicable for the 2025/2026 financial year:

SERVICE	TARIFF CODE	AMOUNT (VAT Incl.)
Water (cost of meter)	W6A4	R 2 049
Electricity (cost of meter)	E10A16	R 4 116
Sewer connection	SE9D3	R 2 500
3. That the Municipality provides three different building plans for houses of various sizes at no cost; and
4. That the monthly account already paid by the beneficiaries, be credited to the account of the beneficiaries and that the condition mentioned in paragraph 1 above, become applicable.

RESPONSIBLE OFFICIAL :

D HENDRIKS

TARGET DATE FOR IMPLEMENTATION :

1 NOVEMBER 2025