



Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Projects

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Acronyms and abbreviations

CDG	Care Dependency Grant
DMV	Department of Military Veterans
EHP	Emergency Housing Programme
ESS	Enhanced serviced site
FHFP	First Home Finance Programme
FICA	Financial Intelligence Centre Act, 2001
GIA	Grant in Aid
HABPD	Household affected by permanent disability
HDDB	Housing Demand Database (Western Cape or municipal)
HHBOFR	Household headed by older farm residents
HHBOP	Household headed by older persons
HSP	Human settlement plan
ID	Identity
IDP	Integrated development plan
IRDP	Integrated Residential Development Programme
MV	Military veteran
PDG	Permanent Disability Grant
PSC	Project steering committee in a UISP project
m ²	Square metre
UISP	Upgrading of Informal Settlement Programme
SASSA	South African Social Security Agency
WCG	Western Cape Government

Glossary

1. Accountable institution

An institution listed in Schedule 1 of the Financial Intelligence Centre Act, Act 38 of 2001 (FICA). Accountable institutions include attorneys, registered estate agents, banks, long-term insurers, registered financial advisors, and Postbank.

2. Age-based prioritisation

The prioritisation of households for purposes of beneficiary selection based on the age of the oldest, non-dependant adult member of the household (head of household). The mechanism involves determining a minimum cut-off age for household heads and ordering registered Housing Demand Data Database (HDDDB) entries with household heads at the cut-off age or older by registration date. The cut-off age can be successively adjusted under certain circumstances (see below “Controlled easing of the minimum cut-off age”)

3. Application date

The date on the agency responsible for beneficiary administration accepts the subsidy application form submitted by a household for processing. The application date differs from the registration date. It may be required for selection of households for contribution-based subsidies in combination with registration date ordering.

4. Beneficiary

A household benefitting from a housing subsidy project either:

- a. Through being approved for a housing subsidy and receiving a top structure and serviced site or a serviced site; or
- b. By virtue of living in the upgrade area of a UISP project and receiving access to basic communal services.

In the case of (a) above, the beneficiary must:

- 1. Have been registered on the municipal HDBB (except in the case of a military veteran (MV));
- 2. Have been selected from the HDBB.
- 3. Have completed an application form; and

Be approved for subsidy disbursement.

5. Catchment area

A catchment area is a clearly defined geographical area of residence from which HDDB entries are selected. Catchment areas do not overlap, are fixed over time for all types of subsidy projects, are limited in number within a given municipality, and collectively cover the entire area of the municipality's jurisdiction. The catchment area includes a town, or more than one town, and the rural hinterland surrounding the town or towns. All catchment areas in a municipality are clearly defined.

6. Contribution

A financial contribution required from a subsidy applicant to qualify for certain types of subsidies to acquire a product in a subsidy project. The contribution and subsidy together cover the purchase price of the product and thus allow the beneficiary to acquire the property.

7. Controlled easing of the minimum cut-off age

A selection mechanism linked to age-based prioritisation used when there are too few applicant households to take up all the available opportunities after the age-based prioritisation and the minimum age cut-off mechanisms have been applied in registration date order to registered HDDB entries. Controlled easing of the minimum cut-off age takes place in successive increments of five years below the minimum cut-off age until all the available opportunities have been allocated to qualifying HDDB entries.

8. Department

The Western Cape Department of Infrastructure

9. Dependant

A member of a household who is financially dependent on an adult or adults in the household.

10. Desperate need (for housing)

A desperate need for housing is a need that endures over time (as opposed an acute need). The need arises due to an interaction between the intrinsic physiological or psychological characteristics of an individual and his or her lack of services and shelter, resulting in a need for housing that is greater than the need for housing of other eligible households on the HDDB.

11. Duration of residence

An indicator used in beneficiary selection that uses the length of time an applicant has resided in a particular locality within the municipal area. An applicant's claim regarding duration of residence must be backed up by objective evidence.

12. Effective demand

The assertion of a housing need by a household which qualifies for a contribution-based subsidy backed by objective evidence supplied by the household that it can provide the required contribution for the subsidy to be approved.

13. Evidence (objective evidence)

Means for verifying claims made by registering households that is objective. Evidence cannot be based solely on statements made by any person. Acceptable documents for verification purposes are official documents from an organ of state, documents from an “accountable institution” in the sense defined in FICA, and documents specifically named in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project.

14. Farm resident

A person whose ordinary residence is a farm, including a farm worker with ordinary residence on a farm.

15. Greenfield, non-relocation project component

A project component occupying a greenfield site on which there are no pre-existing, legal occupants, and for which the municipality has discretion to select beneficiaries, provided they are eligible for the subsidy.

16. Final (subsidy) product

A subsidy product delivered as the end point of the delivery process in a human settlement project. Government will provide no further assistance to the beneficiary once the final subsidy product has been delivered.

17. First Home Finance Programme (FHFP) previously known as Finance Linked Individual Subsidy Programme (FLISP)

The First Home Finance Programme is a housing finance programme aimed at assisting beneficiaries who earn between R3 501 and R22 000 a month to buy or build their first homes through the provision of a capital subsidy. FHFP replaced the First Home Finance Programme (FHFP). The FHFP subsidy product often requires a financial contribution from beneficiaries selected from the HDDB to proceed to approval and disbursement of the subsidy when the subsidy is lower than the price of the property to be purchased. The value of the subsidy declines in a linear fashion as household income increases according to the subsidy quantum schedule which prevails at the time of subsidy approval.

18. Framework Policy

Amended Framework Policy for the Selection of Housing Beneficiaries in Ownership-based Subsidy Projects, 2022. Approved by the Western Cape Minister of Infrastructure.

19. Household

A group of individuals who live together and meet the household structure requirements for subsidy eligibility. The minimum requirement for a household is an adult cohabiting with another adult (person 18 years and older) or an adult living with a dependant.

20. Household head

For the purposes of beneficiary registration and project selection, the household head is the oldest, non-dependant member of a household.

21. Households in need of housing living in overcrowded formal conditions.

Also referred to as “backyarders”, these are households residing in formal housing areas and living in overcrowded conditions, including households living in overcrowded rooms in a formal structure, and households living in informal structures in the back yard of a formal structure in a formal housing area.

22. Housing Demand Database

The HDDB is the provincial database platform administered by the Western Cape Government (WCG) which features a single, secure, uniform structure in which all municipal HDDBs must be stored. The HDDB is a housing demand register for the Western Cape which comprises of the municipal HDDBs for all the municipalities in the province.

23. Institutional housing component

A project component that uses to the Institutional Housing Subsidy to provide “rent-to-buy” housing units.

24. Location preference

A data field on the database indicating the area/location in which the individual or household prefers to reside.

25. Human settlement opportunity

A final human settlement product created in a subsidy project for occupation by the subsidy beneficiary.

26. Individual

A single person, 18 years of age or older, who does not meet the household structure requirements for subsidy eligibility but is permitted to register on the HDDB. To become eligible for a subsidy, the individual would need to be part of an eligible household.

27. National priority groups

National priority groups listed in National Directive, 2020, namely households affected by permanent disability, households headed by older persons (HHBOPs), and MVs.

28. Non-quota portion

The portion of a project component left open to all registered HDDB entries for beneficiary selection purposes regardless of whether or not they comply with quota requirements.

29. On-site, household-based services

A service delivery arrangement in which each household has on-site municipal services for the exclusive use of that household.

30. Opting out

A household entry selected for a project component is allowed to opt out of the project before subsidy approval without any penalty, prejudice or favour regarding selection in future projects (through the normal routine application of selection mechanisms provided for in the Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project).

31. Permanent disability

A significant disability that a medical practitioner expects to persist for longer than 10 years.

32. Perverse incentive

An incentive that brings about behaviour that conflicts with the aims of the human settlement subsidy programmes, or that worsens the socio-economic position of eligible households.

33. Preliminary list of beneficiaries

A list of households selected from a municipal HDDB in accordance with the relevant municipal Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project to be submitted to the Department to determine subsidy eligibility and to approve grant subsidy approval to qualifying beneficiaries.

34. Pre-screening

A rapid assessment of households' eligibility for housing subsidy programmes undertaken by the municipality itself and/or the Department upon submission by the municipality, prior to the assessment of subsidy applications by the Department. Pre-screening done by the Department excludes the checking of prospective beneficiaries against the Deeds Office record, but includes the checking of ID numbers, marital status, income and whether members of the selected households have received a housing subsidy. Pre-screening by the municipality may include checking selected database entries against the municipality's property register.

35. Project

A government-subsidised human settlement project provided for in the National Housing Code in relation to a defined housing programme that occurs on a single land parcel or project site, or a set of land parcels or sites.

36. Project component

Each section of a subsidised human settlement project developed by a municipality (or the Department) that has a different method or set of mechanisms for selecting beneficiaries.

37. Project town

An urban agglomeration in which subsidised human settlements projects are located.

38. Quota

A portion of the opportunities in a project component reserved for households with specifically defined characteristics.

39. Regional Town

A project town designated by the municipality as having a significant economic base and being one in which households residing outside of its catchment area (together with households residing within its catchment area) will be selected for and offered subsidised housing opportunities.

40. Registration date

The date on which a municipality registers a household or individual (as defined in the glossary) on its municipal HDDB creating an HDDB entry.

41. Registration date ordering

Ordering HDDB entries that are potentially eligible for a subsidy from the earliest registration date to the most recent for the purposes of beneficiary selection.

42. Relocation project component

A project component in which selected beneficiaries are permanently relocated from an informal settlement or part of an informal settlement to an unoccupied site outside of the informal settlement area being upgraded.

43. Subsidy income band

The range of monthly household income required to qualify for a subsidy of a particular type or value as provided for in the Housing Code.

44. The Department

The Western Cape Department of Human Settlements.

45. Town-based extract

The entries on the municipality's housing demand database resident within the catchment area of the town in question.

46. Updating

The process through which individuals (as defined in the glossary) or households update their entries on the municipal HDBB by providing current objective evidence.

47. Verification

The process of checking that claims made by individuals (as defined in the glossary) and households about their status when registering on the municipal HDBB or updating their status on the municipal HDBB are true.

1 Introduction

1.1 Policy objective

The main objective of this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project is to set out the mechanisms that municipality must use, and processes and procedures they must follow when selecting households for human settlement subsidy projects that result in beneficiaries receiving ownership of a property or leasing of a property from the Municipality.

A single project site or set of sites can have a number of project components. Each of the components will be dealt with differently in terms of the selection of beneficiaries. The Policy covers the following project component types each with its own selection mechanisms:

- a) green-field, non-relocation project components for the households eligible for full housing subsidies or serviced site subsidies.
- b) relocation project components linked to informal settlement upgrade projects.
- c) contribution-based housing project components that result in ownership

The elements and mechanisms provided for below will be used in each component type as indicated.

1.2 Policy Framework

This Policy is based on relevant parts of the Constitution of the Republic of South Africa, 1996; the Housing Act, 1997 (Act 107 of 1997); the National Housing Code, 2009; the National Strategy for the Allocation of Housing Opportunities Created Through the National Housing Programmes, 2008; Western Cape: Department of Human Settlements Circular 10 of 2015 and Circular 2 of 2019; the National Directive, 2020; the Department's Amended Framework Policy for the Selection of Housing Beneficiaries in Owner-Based Housing Projects, approved by the Provincial Minister for Human Settlements in July 2022 (Policy Framework).

The above prescripts confer certain roles, responsibilities and obligations on the municipality that enable it to fulfil its constitutional mandate in the local sphere of government. It is assumed that the Western Cape Government will play the roles, and fulfil the responsibilities and obligations assigned to it in legislation and policy. These roles include setting norms and standards for beneficiary selection, providing support on the content of the Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project and screening and approving subsidy applications.

Table 1: Broad outline of the human settlements' beneficiary selection and subsidy administration processes

1. Household or individual* submits a completed Housing Demand Database registration form to the municipality responsible for developing human settlement subsidy projects in its area of jurisdiction.
2. Municipality registers the households or individual* on the HDDB and scan all applicants' documentation into the HDDB system.
3. Municipality applies selection criteria and selects households for the project in question.
4. Municipality applies pre-screening process before subsidy application forms are completed by households. The advertisement will be placed on the local newspapers, make lists of names of potential beneficiaries of the housing project in question available at the local community facility for public scrutiny.
5. Municipality compiles a report / Memorandum with lists of names of potential beneficiaries of the housing project in question to be endorsed by Executive Mayor / Council
6. The completion of the subsidy application and approval commence after the above stage
7. Final human settlement subsidy product is handed over to selected and approved beneficiaries.
8. Beneficiaries of subsidized housing are generally prohibited from subletting their subsidized house or serviced site before it is officially transferred into their names through the Registrar of Deeds
9. Beneficiaries may not voluntarily sell or alienate (give or transfer) the Property within a period of 8 (eight) years from the date of sale unless you first offer your Property free of any payment to the Housing Department of the Provincial Administration: Western Cape under section 10A of the Housing Act 107 of 1997 (Housing Act). This condition will be registered against the title deed of the Property.

** A single person, 18 years of age or older, does not meet the household structure requirements for subsidy eligibility without forming a household but is permitted to register on the HDDB. Such a person must form a household before becoming eligible for a subsidy.*

1.3 Key principles of beneficiary selection

The mechanisms used in beneficiary selection and the way they are applied in project components are informed by the norms and imperatives described below.

a. Policy legibility and transparency

The Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project should provide enough information to allow municipal officials to carry out their beneficiary selection tasks in a predictable manner without ambiguity, so that citizens can understand the selection process, and so that the selection process is perceived as fair.

b. Equity of access to registration processes

The municipality provides access to the citizens residing in the municipal area to register on the municipal Housing Demand Database in a reasonably equitable manner. The municipality seeks to:

- register all subsidy-eligible households in need of subsidised human settlement opportunities and resident in the municipality on the municipal HDDB, using objective evidence provided at registration by households and individuals (as defined in the glossary) and data categories that have already been established on the Western Cape HDDB.
- update the data on the HDDB at the request of registered households.
- verify the data used in selecting beneficiaries at the time of beneficiary selection.

The HDDBs of all the municipalities in the Western Cape collectively constitute the provincial HDBB that is maintained by the WCG. The municipal HDBB is the section of the Western Cape HDDB that holds the registered entries for households and individuals (as defined in the glossary) residing in that municipality's area of jurisdiction. Only the municipality has the rights to populate and update its own HDBB. The provincial government must seek permission from the responsible municipality if it wishes to update or clean the registration data stored on any municipality's HDBB.

c. Registration date ordering is a key element of beneficiary selection

Every individual (as defined in the glossary) and household entry registered on the municipal HDDB is allocated a registration date. Registration date ordering enables the "first come, first served" principle in subsidised human settlement projects. The first come, first served principle constitutes international best practice in cases where rationing according to need is highly complex and dependent on subjective judgements.

The municipality must undertake preliminary selection of households in order of their dates of registration on the municipal HDDB, subject to certain provisions, and maintain registration data in a manner that preserves the integrity of the date ordering process.

d. Promotion of social inclusion and cohesion in subsidised human settlement projects

The municipality promotes social inclusion and cohesion in subsidised human settlement projects through the design and implementation of this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project.

e. Beneficiary selection is based on independently verifiable claims using objective criteria and readily measurable indicators

Selection criteria are based on indicators that can be independently measured and verified accurately and readily.

The municipality will verify all claims made by individuals (as defined in the glossary) or households at registration and the updating of registration information and used as a basis for selecting beneficiaries for projects. Verification will be undertaken before subsidy applications are processed for approval or during subsidy approval in cases where selection and eligibility criteria overlap.

The means for verifying claims will be objective and independent of households and their members as well as municipal officials responsible for conducting beneficiary selection. Documents to be used in verification are: i) official documents from an organ of state or an “accountable institution” listed in Schedule 1 of FICA; and ii) documents specifically defined in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project.

Verification will not be based on claims or counterclaims by households unsupported by objective and independent means whether on the preliminary project list or not. Such unverified claims and counterclaims will not be used to identify possible false claims made by households or individuals (as defined in the glossary) unless counterclaims can be objectively and independently verified.

f. Avoid perverse incentives

The mechanisms used in beneficiary selection avoid giving rise to perverse incentives in households that are eligible for subsidy opportunities in human settlement projects. Perverse incentives are incentives that bring about behaviour changes in the eligible population that conflict with aims of human settlements subsidy programmes or worsen the socio-economic positions of eligible households.

g. Avoid conflicts of interest

Parties with a direct vested interest in the outcome of municipal selection processes such as the municipal council, councillors and community representatives may play no direct role in the preliminary selection of

registered households on the municipal HDDB for human settlement projects or vetting the preliminary selection of project beneficiaries prior to subsidy approval. The role of the municipal council and its members is confined to approving this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project and monitoring compliance with the policy. To promote accountability in the municipal administration, each of the main administrative tasks in respect of registered entries of the HDDB should be run by a separate administrative division in the municipality as far as possible.

2 Key concepts in beneficiary selection: project components and mechanisms of beneficiary selection

2.1 Project components

A project component refers to an element of a subsidised human settlement project with its own set of mechanisms for selecting beneficiaries. The concept of a project component is used in beneficiary selection because of the composite nature of IRDP, FHFP and UISP projects. The IRDP, FHFP and UISP projects need to incorporate a range of households with different subsidy eligibility criteria or priority status and provide them with different final subsidy products. To adequately specify the selection mechanisms for these different eligibility and priority groups and the related final products, this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project distinguishes between different project components within a single subsidised human settlement project.

2.1.1 Specifying project components

In beneficiary selection, project components are specified in this Policy by relating them to four interrelated project factors:

- a. Whether the project mainly uses the **municipal HDDB** (municipal housing demand database) to select beneficiaries and thus occurs on a new site (**IRDP and FHFP projects**) OR **does not use the HDDB** because it upgrades existing informal settlements with its own population of households (**UISP project**). In the case of the UISP, the municipal HDDB is used to determine whether a household in a UISP target group can be selected for a final subsidy housing product and/ or the order in which qualifying households receive final subsidy products.
- b. Whether a **financial contribution is required** from the subsidy applicant for subsidy approval to acquire the subsidy product **or no financial contribution is required** (and the product is available to the beneficiary for free). No contribution mostly applies to households with monthly income in the band **R0–R3 500**, while a contribution mostly applies to households with monthly income of between **R3 501 and R22 000**. However, at the lower end of the **R3 501 to R22000** income band, households may be able to obtain lower cost products without a financial

contribution via the FHFP subsidy (depending on the nature and cost of the product, resources and product availability and the prevailing subsidy quanta). Households in the lower part of the income band have the choice of contributing to the sales transaction should they wish to acquire a higher cost subsidy housing product with higher specifications (subject to sufficient project resources being available). How the lower end of the R3 501 to R22 000 income band is determined is covered in section 5.1.4 below. This lower band is referred to as the R3 501 to X band, where X is the income level at which the FHFP subsidy is equal to the cost of an enhanced serviced site.

- c. What **final subsidy products are provided** in the project component. Besides referring to the single storey (standard) and medium-density top structure, the National Directive, 2020, introduces the serviced site as a final subsidy product. Note that unsubdivided sites with access to shared/ communal services (shared services stand) is the lowest level of service subsidy product provided in UISP projects for households and individuals (as defined in the glossary) that do not qualify for an owner-based subsidy product. Sites receiving communal services are not provided in IRDP projects. Table 2 defines the subsidy products to be delivered in subsidised human settlement projects.

Table 2: Final subsidy products

Product	Description of product
Standard top structure	40m ² to 50m ² single-storey unit on an individual plot
Serviced site	Individual plot (on the cadastre) supplied with water and sanitation connections, tap, wash trough, and enclosed toilet. In the Western Cape, this type of product is often termed an enhanced serviced site (ESS).
Unit in medium-density development	A two-storey duplex on an individual plot. (Note: Units in 3-storey or 4-storey blocks are not included in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project.)
Shared services stand	A stand with access to communal services delivered to meet basic levels of service (as defined in the Red Book). These stands are not available for ownership, and the delivery of communal services at Red Book standards is subject to available government resources.

- d. What beneficiary household groups are targeted. The National Directive, 2020, specifies that standard top structures are intended only for certain subgroups within the R0–R3 500/ month subsidy income band (see Table 3).

Table 3: Priority groups defined in the National Directive, 2020

Priority group	Definition
Household affected by permanent disability (HABPD)	A household with at least one member with a permanent disability of such a nature as to give rise to a desperate need for housing and warrant prioritisation in beneficiary selection.
Household headed by an older person (HHBOP)	A household headed by a person who is 60 years of age or older. A household head is taken to be the oldest, non-dependant adult in the household qualifying for a housing subsidy. A non-dependant adult is an adult who has financial dependants or is either of the spouses in a legal marriage or one of partners in a cohabitation arrangement. The household can reside in any type of environment in the municipality whether on or off a farm.
Military veteran (MV)	An individual reflected on the Department of Military Veterans database as qualifying for a MV housing subsidy, having a household income of R10 416 or less, any household composition structure, and never having received a housing subsidy nor owned fixed property. Note that the last two conditions can be waived if an entire property owned was ceded to a former spouse in a divorce or repossessed by a bank and proof (objective evidence) is provided.

The project components to be used in this Policy are defined in Table 4 using the project factors identified there.

Sites with communal municipal services are not subject to selection based on a project component. The sites are a residual category of product. The goal is to supply communal services based on equitable spatial access to services as far as possible, subject to the resources available for communal services supply.

The project components listed in Table 4 are provided for in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project across both IRDP and UISP projects.

Table 4: Project components provided for in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project

Subsidy income bands (monthly household income)	Subsidy products	Subsidy programme/ Target groups set in national policy	Financial contribution
R0–R3 500	Standard top structure	IRDP or UISP plus consolidation subsidy; IRDP/ UISP servicing; only national priority groups identified in the National Directive, 2020	No
R0–R3 500	Serviced site	IRDP/ UISP up to Stage 3	No
R0–R3 500	Medium-density unit	IRDP or UISP plus consolidation subsidy	No
R3 501–R22 000	Top structure	FHFP	Yes
R3 501–RX	Serviced site	FHFP	No
RX–R22 000	Serviced site	FHFP	Yes

X = income level at which the revised FHFP subsidy is equal to the input cost or cost of the enhanced serviced site.

2.2 Mechanisms used in beneficiary selection

The municipality makes use of the mechanisms listed below to select households for IRDP, FHFP projects and when assigning final subsidy products to beneficiary households in UISP projects. The detailed selection mechanisms listed below are combined in a manner prescribed in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project for project components in sections 5 and 6.

- a. **Registration date ordering:** The ordering of entries on the municipal HDDB relevant for the project component from those entries with the earliest date of registration to entries with the most recent registration date.
- b. **Minimum registration period:** A period of registration on the municipal HDDB after which a household registered on the HDDB will be considered for selection in a project. The minimum

period is set at three years for most HDDB entries, furthermore, be in line with the Policy Framework and be consistently applied across all projects.

- c. **Quotas for priority groups:** A portion of the opportunities in a project component reserved for households with defined characteristics. Each priority group has its own quota.
- d. **Age-based prioritisation:** The prioritisation of households in selection based on the age of the oldest, non-dependant adult member of the household, taken as the household head. The mechanism involves determining the minimum cut-off age for household heads and ordering registered household entries with heads at the cut-off age or older by registration date. The age-based prioritisation mechanism will also often entail “controlled easing” of the minimum age if all the built opportunities subject to selection via the minimum age mechanism cannot be filled after the minimum age cut-off mechanisms have been applied to household entries. Controlled easing of the minimum cut-off age takes place using registration date ordering in household head age cohorts of successive increments of five years below the minimum cut-off age of the household head until all the available opportunities have been taken up.
- e. **Catchment area (for the project/ project component):** The catchment area is a geographic area of residence surrounding the project site. Only HDDB entries resident in the catchment area are selected for a project (and its components) located in the catchment area. Catchment areas for projects are clearly defined in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project (see 4.5 below). Catchment areas do not overlap, are fixed over time for all types of subsidy project, are limited in number within a given municipality, and collectively cover the entire area of the municipality’s jurisdiction.
- f. **Minimum duration of residence in a municipality area:** This cut-off value is based on the minimum amount of time a registered HDDB entry must reside in a particular locality or type of locality (not the municipality as a whole) before the entry can be selected. This mechanism is used in conjunction with quotas for groups historically not registered on the municipal HDDB or its antecedents due to the remote geographic location of residence – see (g) below. To be selected for a project component using this mechanism, the household must be registered on the HDDB as an entry. Registration date ordering will apply. The minimum registration period (three (3) years) will apply for HABPD and HHBOFR or on case-by-case basis with the verifiable evidence, the request of deviation and exemption must be submitted to Executive Mayor / Council for endorsement.

- g. **Quotas for groups historically not registered (on the municipal HDDB):** This quota provides for specific groups of households not historically registered on the HDDB (or historical antecedents to the HDDB) due to their remote geographic area of residence, e.g., older farm residents. This mechanism works in conjunction with the minimum duration of residence mechanism – see (f) above). Qualifying for this type of quota is dependent on satisfying the minimum duration of residence requirement in (f) above. Registration date ordering will apply. It is at the municipality’s discretion whether or not the minimum registration period will apply for HABPD and HHBOFR, but the decision must be recorded in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project and be consistently applied across all projects.
- h. **Effective demand (in the case of contribution-based project component):** A mechanism to select beneficiaries and ration available housing subsidies in which a household that qualifies for a contribution-based subsidy provides objective evidence that it will be able to acquire the required financial contribution for the subsidy to be approved.
- i. **Targeting by self-declared household income:** Targeting by household income according to the range of household income set for the project component is required for the preliminary selection of a household beneficiary. The household income used in selection is based on self-declaration and should be as accurate as possible to avoid errors of inclusion during preliminary selection that wastes subsidy administration time and could lead to project delays.
- j. **Allowing selected entry to opt out of project component:** A household entry selected for a project component is allowed to opt out of the project before subsidy approval without any penalty, prejudice or favour in future projects (through the normal routine application of selection mechanisms provided for in the Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project).

3 Registration and updating processes

3.1 Assigning registration dates to new entries on the database

A registration date will be given to each individual (as defined in the glossary) or household that completes the necessary registration form, physically or online, and provides the minimum objective evidence to be entered onto the database, provided that any individual (as defined in the glossary):

- Does not own fixed property in the municipality.
- Is at least 18 years old; and
- Is a South African citizen or has permanent residence status in South Africa.

The registration date is the date on which the municipality accepts the registration form, and any required supporting documentation (objective evidence) submitted for registration on the HDDB. The municipality will communicate the registration date to the individual or households and provide him, her or them with documentary proof of that date. The registration date will remain unchanged until the individual receives an ownership-based subsidised human settlement opportunity, subject to 3.2 below.

3.2 Registration date assignment in the case of the dissolution or breakup of the household before approval of a housing subsidy

In cases of a household consisting of at least two non-dependant adults neither of whom previously had a registered on the municipal HDDB, each non-dependant adult will be assigned the same registration date. If such a household were to dissolve in the period between the date of registration and subsidy approval, the registration date originally assigned to both non-dependent adult members will be the date of registration of the main applicant, and the ex-spouse or ex-partner will be assigned with new date of registration should these households register on the HDDB.

In the case of a household consisting of at least two non-dependant adults at least of one which had previously registered in a separate entry on the HDDB, the earliest registration date of the two entries will apply to the new household should it register on the HDDB. If such a household were to dissolve in the period between the date of registration and subsidy approval, the original registration dates of each non-dependant adult will apply in determining the registration dates of new households formed by each of these adults should these households register on the HDDB.

3.3 Data fields in the database

At a minimum, the municipality will populate the following data fields in its database.

3.3.1 For households with one non-dependent adult living in the household

- a. Name and ID number of the adult.
- b. Registration date.
- c. Residential address (according to standardised naming convention of the municipality).
- d. The names and ID numbers of each household member with a permanent disability as defined in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project and falling in at least one of the categories given in Table 5, as claimed by the registering household.
- e. Preference for a non-contribution serviced site (if household income is above R3 500/ month).
- f. Number of dependants within the household, and their ID numbers.

- g. Whether a current or recently a former farm resident, address of farm and, if so, employer/ farmer where applicable and period and dates of residence on the farm.
- h. Household monthly income (as defined by the Department's Circulars).
- i. Whether the household wishes to apply for a FHFP subsidy i.e., having household income above R3 500/ month and falling below the prevailing upper income threshold for the FHFP subsidy.
- j. Whether any household member is unable to ascend or descend two flights of stairs unassisted.
- k. Landline and cell phone contact number.
- l. Whether non-dependent adult indicates that he or she owns fixed property.

3.3.2 For households with two non-dependant adults in the household

- a. Fields provided in sections 3.3.1 (d), (e), (f), (i) and (j) as specified above applied to the household.
- b. Name and ID number of each of the two adults.
- c. Relationship between the two adults.
- d. Registration date of the household, which will be: i) the earlier of the two adults' registration dates if the municipality already has them separately on record as being registered previously; or ii) if municipality has neither of the adults on record as registered, the date described in 4.1 as applied; or iii) if the municipality already has one of them separately on record as registration, that registration date.
- e. Monthly income of each the two adults and household income (as defined in Department's Circulars).
- f. Whether each of the adults is currently a farm resident or used to be a farm resident, and, if so dates and period of residence on a farm, address of farm, and employer/ farmer where applicable.
- g. Landline or cell phone contact number of each non-dependent adult in the household.
- h. Whether either of non-dependent adults indicates that he or she owns fixed property.

3.3.3 Location preference data field

Individuals and households registered on the database may change their town of preference at any time with notice, but individuals or households will be assigned with new date of registration in their preferred town.

3.4 Collecting and updating household income information

- i. Households are responsible for keeping their household income information up to date on the HDDB.

- ii. Given the advent of the First Home Finance Programme (FHFP) and beneficiaries' ability to access non-contribution opportunities through a FHFP subsidy, there is a risk that households with income between R3 501 and X (refer to section 5.1.4 below) are excluded from selection for such human settlement opportunities should their income data on the HDDB be out of date.
- iii. Households with income above R3 500 per month will be encouraged to provide an accurate self-disclosure of household income and keep this information up to date on the municipal HDDB.
- iv. The consequences for households of not disclosing income information and keeping the information up to date must be made clear by the municipality i.e., a high possibility that the households who have not kept their income information up to date will be subject to errors of exclusion in beneficiary selection.

3.5 Updating residential address

- A). If individuals and households registered on the municipal HDDB change their domiciles (places of residence) to another place in the same municipality, they may update their residential addresses on the HDDB at any time without notice and without any impact on their dates of registration, provided that requests to change occur at least 30 days before the pre-screening process start for that particular project in that locality.

3.6 Supporting documentation required for new application and updating.

The municipality will collect the following documentation during registration and updating.

3.6.1 Documentary proof to verify claims by individuals/ households about disability status and falling within the HABPD quota

The municipality will make use of the means of verification given in Table 5 to verify claims made by individual members of household entries on the HDDB that they have the relevant permanent disabilities to warrant prioritisation (see 3.3 above).

Table 5: Categories of households affected by permanent disability and sources of verification

Category of HHABPD	Source of verification
Eligible household with at least one adult receiving a South African Social Security Agency (SASSA) Permanent Disability Grant (PDG) and a Grant in Aid (GIA) (according to SASSA's definition)	Original or certified copy of PDG and GIA approval (not older than 5 years) or latest confirmation letter from SASSA (not older than 1 year). If the PDG approval or confirmation letter is separate from the GIA approval or confirmation letter, the recipient of each grant must be the same. The name and ID number of SASSA grant recipient (both PDG and GIA) must match the name and ID number of a member of the claimant household (as reflected in the entry on the HDDB).
Eligible household with an adult caregiver of a permanent disabled child receiving SASSA Care Dependency Grant (CDG) where both adult and child are members of the household.	Original or certified copy of CDG approval (not older than 5 years) or latest confirmation letter from SASSA (not older than 1 year). The names and ID numbers of the caregiver and child grant recipient (of the CDG) must match the names and ID numbers of members of the claimant household (as reflected in the entry on the HDDB entry).
Eligible household with a member having a disability reflected on the "Medical Certificate in respect of disabled persons as required in the housing subsidy scheme of the Government of South Africa" Appendix 1 of the Subsidy Application Form	SASSA approval/confirmation documents of receipt of the PDG (without GIA) – see above Original copy of the Appendix 1 form (of the subsidy application form) completed by the district surgeon or a registered medical practitioner and indicating at least one of the listed disabilities. This form must be signed by the registered medical practitioner and display the practitioner's registration number with the relevant professional council. The form should bear the original stamp of the practice or health facility at which the district surgeon or registered medical practitioner is located. The name and ID number of the "applicant" on the Appendix 1 form must match the name and ID number of a member of the claimant household (as reflected in the entry on the HDDB).

3.6.2 Documentary proof to verify claims farm residence status in regard to the HHBOFR quota

In the case of a farm resident, objective evidence must be collected to confirm the farm/s and its/ their location/s on which the farm resident is/ has been resident, and the length of residence on each farm.

Where the resident is a farmworker, the evidence should ideally include a letter from the employer/s indicating the location and length of residence and proof of the farmworker's length of residence on the farm.

The following can be submitted as evidence:

- Letter(s) from the farmer on a farm letterhead, indicating all farm contact information and the address.
- Employment contracts with the farm's name and the name of the farmer, with dates of employment and the address of the farm.
- Payslips indicating farm's name and the name of the farmer, payment periods, and address of the farm.
- Rental invoices and other service charges, indicating rental periods and address of the farm.
- Affidavit/s provided by farmer/s indicating the address of the farm and the applicant's period/s of residence.
- Affidavit/s provided by an acceptable authority present in the community, indicating the address of the farm and the applicant's period/s of residence.

3.6.3 Information to check eligibility for the range of subsidy instruments available in National Housing Code

The following information should be collected: payslips, certified copy of ID book of self, other adult and minor dependents (under age of 18) in the household, marriage certificates

4 Macro level considerations for IRDP, FHFP and UISP projects

Six broad considerations will apply to the selection of beneficiaries in IRDP, FHFP and UISP projects.

4.1 Balancing of people in overcrowded conditions and informal settlement dwellers across portfolio of projects

For all project components, the number of people in formal overcrowded conditions and informal settlement dwellers receiving subsidised housing opportunities will be balanced every five years, linked to the strategic planning cycle and over the portfolio of subsidised human settlement projects planned and executed in the municipality.

This balancing will seek to equalise the relative access each of these groups enjoys to on-site, household-based municipal services. The distribution of opportunities provided over the period across each of the two groups will be in proportion to number of households without access to on-site service within each group. The municipality will determine the level of service threshold for “acceptable access” to on-site, household-based services for people living in formal overcrowded conditions to enable this balancing to take place.

Realistic delivery targets for each of the two broad categories and for the corresponding number and size of projects (and where necessary project components) will be set out in municipal plans – the municipality’s integrated development plan (IDP) and human settlement plan (HSP) – and reported on in the relevant annual and multi-year reports.

4.2 Coordinate beneficiary selection with the delivery of final subsidy products

In an IRDP project, the selection of households as prospective beneficiaries will only occur at the time that final products for which beneficiaries are to be selected are being delivered. The number of HDDB entries registered on the HDDB finally selected in a delivery period must equal the number of final products being delivered in that period. The rate at which final products are delivered will be determined in part by the annual business plan and the resources made available to finance final product delivery, and in part by the actual delivery performance of the municipality. Final products include both top structures and enhanced serviced sites.

In a UISP project, qualifying beneficiaries can only receive final products when they are delivered and UISP beneficiaries will only be ordered (using mechanisms provided for in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project) to receive the final product when the product is being delivered. As in an IRDP project, the rate of final product delivery in a UISP project will be determined in part by the annual business plan and the resources made available to finance final product delivery in that UISP project, and in part by the delivery performance of the municipality. Unlike an IRDP project, beneficiaries will be selected almost exclusively from household’s resident in the geographic areas targeted for upgrading by the project.

4.3 Quotas for priority groups

The quotas in Table 6 will be used in beneficiary selection in the IRDP project or in the determining the order in which qualifying beneficiaries receive final subsidy products in UISP projects as prescribed in sections 5 and 6 below.

Table 6: Quotas covering National Directive priority groups and weight/ size of quotas

Quota name	Size
Households affected by permanent disability	5%
Households headed by adult of 60 years or older	15%

MVs are not currently subject to selection via a quota. Should the number of DMV-approved MVs qualifying for subsidy housing opportunities on the DMV list for the municipality increase significantly, a quota for MV will be introduced, at which point the MVs will have to be registered on the HDDB.

The minimum registration period for entries in the HHBOP and in the HABPD quota is three years, whereas it is one year for the MV. All households selected via a MV, HHBOP and HABPD quota must be registered on the HDDB.

4.4 Quotas for groups historically not registered due to geographic isolation

The quota in Table 7 will be used in beneficiary selection in the IRDP project or in the determining the order in which qualifying beneficiaries receive final subsidy products in UISP projects as described in sections 5 and 6 below.

Table 7: Quotas for groups historically not registered due to geographic isolation

Quota	Definition	Size
Households headed by older farm residents who are long-term farm residents	HHBOFR aged 55 years or older, resident on farms for a duration of at least 10 years of the last 13 years (i.e., a minimum duration of 10 years on farm but not sequential within limits)	5%*

The minimum registration period for entries selected for the HHBOFR quota is one year if meet the minimum duration as indicated at Table 7. In order to be selected for an HHBOFR quota, households much must be registered on the HDDB as selection takes place from all the entries that meet the quota requirements.

4.5 Catchment areas

Catchment areas will be used for all non-contribution IRDP project components, and only be used in a contribution-based project component if the municipality determines that the project is contested (Refer to 5.2). If not using catchment areas specified in this Housing Selection Policy for Beneficiaries in

Ownership-based Subsidy Project (as set in Map 1), determine the catchment area in each applicable project. This determination can occur after consultation with the Council / Executive Mayor, if deemed necessary by the Director responsible for human settlements.

Regional towns

In a regional town, the municipality will reserve 100% of the opportunities in the project component for entries which are resident within the catchment area where development take place and indicate a location preference for the catchment area of the project town.

Non-regional towns

How catchment areas are used in beneficiary selection in an IRDP project component is indicated in **Annexure: 1** below.

The catchment areas will not be used in beneficiary selection in UISP projects, as selection occurs via targeting informal settlements for upgrading. Catchment areas may only be used in the rare cases that contribution-based final products are supplied in a UISP project and households willing and able to make the financial contribution cannot be found in the informal settlements targeted for upgrading by the project (refer to section 6.1).

4.6 Registration date ordering: All household entries selected in IRDP, FHFP, UISP and EHP must be registered on the HDDB

Registration date ordering refers to the process whereby all database entries considered eligible for the project component are arranged from the earliest registration date to the latest registration date, and households are selected as potential beneficiaries in that order.

The details of selected potential beneficiaries must appear on HDDB, including UISP, EHP beneficiaries receiving communal services, and potential beneficiaries of contribution-based (FHFP) project components where date of application in HDDB is used for the subsidy application because of insufficient number of housing opportunities for these project types.

5 APPLICATION OF POLICY

This Policy applies to the selection of beneficiaries for certain state subsidised new housing projects.

A single project site or set of sites can have a number of project components related to different housing delivery programmes. Each of the components will be dealt with differently in terms of the selection of beneficiaries. The Policy covers the following project component types each with its own selection mechanisms:

- a) (IRDP) green-field, non-relocation project components for the R0-3500 household monthly income sector.
- b) (UISP) and (EHP) relocation project components linked to informal settlement upgrade projects.
- c) (FHFP) institutional and affordable housing project components that result in ownership (including “rent-to-buy” options)

The elements and mechanisms provided for below will be used in each component type as indicated. In all projects occurring on Greenfields sites which have de-densification components, the number of households from the UISP project accommodated on the site need to be matched by the number of households selected from the HDDB on a 50/50 basis. This means that each Greenfields sites (and the related projects) with a UISP de-densification component also needs to accommodate a component draw from the HDDB (backyarders)

5.1 IRDP (Green-field, non-relocation project components)

General Mechanisms: For each project town, the municipality will define a catchment area. Each project town will have a catchment area which will be clearly defined on a map of the municipality. Catchment areas will be non-overlapping, and two or more towns cannot have the same catchment area. Every area in a municipality will fall within a catchment area. From its list of project towns, the municipality will designate regional towns. In an IRDP project, beneficiary selection occurs within each project component identified for the project. The method of selection per component type is detailed in sections 5.1.1 and 5.1.2 below. As indicated in section 8, the executive manager responsible for human settlements must determine, for each IRDP project, the types of project components which will apply in the project and the number of opportunities within each component.

- a) **Age-based prioritisation:** Age-based prioritisation is applicable to housing subsidy applicants of green- fields projects for households with head(s) (applicant/ and or spouse/cohabiting partner) are 30 years or older, subject to:
 - i. The particular household head(s) must be registered on the municipal demand database for a minimum period of three years prior to selection.
 - ii. The household head(s) referred to in (a) turn 30 years of age within the calendar year of selection of potential beneficiaries for a particular project.
 - iii. The following exceptions:

1st) A household is selected via the “quota for households affected by permanent disability”

- 2nd) The household is selected for an FHFP subsidy,
- 3rd) The municipality's housing demand database no longer contains households head(s) being 30 years or older within the prescribed catchment area that meet the minimum registration period of three years.
- 4th) In the case of (b)(ii) above the younger registered household head(s) from the housing demand database applicable to the catchment area should be selected within increments of five years in registration date order. For example, 35 to 39 years of age (within the calendar year), 30 – 34 years of age (within the calendar year) until the available opportunities have been filled.

5.1.1 Non-contribution IRDP project components: Standard top structures: R0–R3 500/ month income band

- a. Standard top structures are intended for households in priority groups in the R0–R3 500/ month subsidy income band (refer to Table 3). Only households indicating they fall in the income range R0–R3 500 will be selected for this project component.
- b. The Western Cape Department of Infrastructure, Branch: Human Settlements will determine the number of top structures to be funded every year in each approved IRDP project at the top structure implementation stage. This determination is part of the annual business planning process and is subject to available resources. The municipality will select beneficiaries for the available standard top structures each year. Only if the municipality does not have sufficient qualifying households on its HDDB which meet selection conditions will the municipality select households outside the priority groups and only in the manner prescribed below.
- c. As standard top structures are intended for priority group households only, quotas sizes for priority groups will be rebalanced proportionately to sum to 100% and applied to the annual number of standard top structures approved for the project.

The application of the reweighted quotas to the project depends on how the number of top structures to be delivered in a year compares to the number of priority households available on the HDDB for selection in the project:

- i. If the number of standard top structures set in a year – see (b) above is greater than number of priority group households that qualify for the subsidy, the following selection method will be used: After applying the reweighted quotas and selecting households in registration date order within each reweighted quota, if the number of households in one priority group falls short of meeting the rebalanced quota, the remaining opportunities will be assigned to the other priority groups

according to further proportional reweighting amongst the remaining priority group, adding up to a total of 100%. Any remaining places are filled by the remaining priority households until no further qualifying priority households are available. Further rebalancing/ reweighting is required whenever the number of households in a priority group is insufficient to meet the rebalanced quota, and there are available top structure opportunities that have not been allocated.

If there is only one other priority group, the remaining opportunities go first to the other priority group until all qualifying households in that group are selected or all the opportunities are taken up, whichever happens first.

- ii. If the number of standard top structures set for the project in a year is less than the number of priority group households qualifying for the subsidy, the reweighted quotas must be applied, selecting households in registration date order within each quota, with reallocation of top structure opportunities as indicated above if households in one or more quota groups are depleted before all top structure opportunities have been taken up.
- d. The selection of MVs is not covered in step (c) and the top structures built to MV are excluded from selection processes provided for in step (c). MVs on the DMV-approved list are selected into the next IRDP project or stage of top structure development within an existing project as these approved MV arise on the list, provided top structures which meet MV specifications can be built within that project or stage.
- e. To be selected for a standard top structure, all households with a registered subsidy allocation must be registered on the HDDB for at least three years or on case-by-case basis with the verifiable evidence, the request of deviation and exemption must be submitted to Executive Mayor / Council for endorsement.
- f. The catchment area which applies to the geographic location of the project will be used to select entries for all the opportunities in this project component. Refer to section 4.5 and Map 1 in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project.

5.1.2 Medium density units: R0–R3 500/ month income band

- a. It is expected that the number of medium density units will be limited, i.e., there will be a limited number of medium-density unit project components. The application of this project component within a project will be informed by the Department's "The guidelines for the density allowance for building of double storey subsidy top structure units" which is attached to Circular 3 of 2018 "Enhancement of the ministerial norms and standards: new higher density housing typologies".

- b. The Department determines the number of medium density units to be funded every year in each approved IRDP project at the top structure implementation stage. This determination is part of the annual business planning process and is subject to available resources.
- c. The municipality will select beneficiaries only for the medium density units for which funding is made available on a yearly basis.
- d. The municipality will first select the household entries in the non-priority group in the R0–R3 500/month subsidy income band (i.e., the non-quota group) by applying age-based prioritisation, including registration date ordering. The number of opportunities in the non-quota group is equal to total number of opportunities available in the year of the project minus the total opportunities intended for priority groups and other quota groups for those units. The latter is determined by the applying quota proportions given in Tables 6 and 7 above (which indicate the number of units relative to the size of the project) to the medium density units available for the year. Aged-based prioritisation will be applied with a minimum age cut-off of 30 years and, if necessary, controlled easing using the age cut-off of 30 years.
- e. The municipality will then apply all quotas listed in Tables 6 and 7 above (without the reweighting described in 5.1.1(c)) to the HDDB to select entries for this project component. Selection for each quota group will occur in registration date order.
- f. Selection for MV will be treated separately from (d) and (e). The number of MVs selected for the project component is limited by the number of qualifying individuals on the DMV-approved list of MVs and the number of units in the project component developed at the required specification for MVs in the project component. It may be that no MV units can be included in the medium density project component.
- g. The municipality will filter out the households selected which contain members that cannot access the second floor by surveying households selected prior to subsidy approval to gauge such ability (see 7.3(c)).

Where households are filtered out, the municipality will select the next HDDB entry in registration date order within the relevant quota or non-quota group. If sufficient entries cannot be found within quota groups, the municipality will allocate opportunities to the non-quota group, abiding by the rules of age-based prioritisation set for the project component, selecting entries in registration date order. All households must be registered on the HDDB for at least three years or on case-by-case basis with the verifiable evidence, the request of deviation and exemption must be submitted to Executive Mayor / Council for endorsement

- h. Any household entry selected for a project component can opt out of the project before subsidy approval without any penalty, prejudice or favour in future projects (through the normal routine

application of selection mechanisms provided for in the Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project).

- i. The catchment area which applies to the geographic location of the project will be used to select beneficiaries for all the opportunities in this project component. Refer to section 4.5 and Map 1 in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project.

5.1.3 Serviced sites: R0–R3 500/ month income band

- a. The Department determines the number of serviced sites to be funded every year in each approved IRDP project at the implementation stage. This determination is part of the annual business planning process and is subject to available resources. The municipality will select beneficiaries for the available serviced sites each year based on the business plan and municipal delivery. The share of enhanced serviced sites available in the year for the project as a whole will be allocated to this project component (for selection in the year) by the municipality based on its size relative to the size of the non-contribution IRDP project component: Serviced sites R3 500–RX/ month subsidy band (if the latter is set by the municipality as a component in the project) (see 5.1.4 below).
- b. HDDB entries which indicate household income in the R0–R3 500/ month income band will be selected for the serviced sites available for the project component for the year, in registration date order without the application of the age-based prioritisation and the application of quotas for priority groups.
- c. To be selected in the non-quota section, a household entry must have been registered on the HDDB for at least three years.
- d. The quota for HHBOFRs (targeting household heads 55 years and older) will be applied to the serviced sites available in the year. The minimum registration period for beneficiaries selected via the HHBOFR quota is one year.
- e. Any household selected can opt out of the project component for which it has been selected and be selected without penalty, prejudice or favour in future projects (through the normal routine application of selection mechanisms provided for in the Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project).
- f. The catchment area which applies to the geographic location of the project will be used to select entries for all the opportunities in this project component. Refer to section 4.5 and Map 1 in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project.

5.1.4 Serviced sites R3 500–RX/ month subsidy band

- a. The Department determines the number of serviced sites to be funded yearly in each approved IRDP project at the implementation stage. This determination is part of the annual Business Planning process and is subject to available resources. The municipality will select beneficiaries for the available serviced sites each year. The share of enhanced serviced sites available in the year for the project will be allocated to this project component (for selection in the year) based on its size relative to the size of the Non-contribution IRDP project component: Serviced sites R0–R3 500/ month (if the latter is set as a component in the project) (see 5.1.3 above).
- b. The municipality will calculate the value of X to determine the upper monthly household income level applicable for selection to this project component. To calculate X, the cost at the which the serviced site will be made available to the households must be determined. The value of the X household income is read off the prevailing FHFP subsidy quanta schedule at the service site cost.
- c. For the non-quota section of the project component, HDDB entries indicating monthly household income between R3 501 and RX will be selected in registration date order without the application of the age-based prioritisation and the application of quotas for priority groups for available serviced sites.
- d. To be selected, a household must: i) indicate that its household income lies between R3 501 and RX/ month, ii) indicate that it has a product preference for a serviced site; and iii) be registered for at least three years on the HDDB.
- e. The only quota applicable in this component is HHBOFRs, but only households with heads younger than 60 years will be selected, i.e., heads of household must be between 55 and 59 years old. Household HDDB entries indicating they are HHBOFRs, with household income between R3 501 and RX/ month with a product preference for a serviced site will be selected, subject to verification. The minimum registration period set for the HHBOFR quota is one year.
- f. Any household selected can opt out of the project component for which it has been selected and be selected without penalty, prejudice or favour in future projects (through the normal routine application of selection mechanisms provided for in the Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project).
- g. The catchment area which applies to the geographic location of the project will be used to select entries for all the opportunities in this project component. Refer to section 4.5 and Map 1 in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project.

5.2 Contribution based housing projects (FHFP): R3 501–R22 000/ month subsidy band

- a) Projects open to all qualifying across the municipality: The municipality should ascertain that the selection processes are adequately understood by the residents of the municipality and uniformly applied across the municipality. All the citizens in the municipality who meet the housing institutions or developers' entry requirements should potentially be able to benefit.
- b) Registration date ordering applied by municipality on developer's list where effective demand is greater than supply: Where the number of the individuals/households meeting the minimum selection criteria is greater than the number of units supplied in the project component in question, further selection of individuals/households on the waiting list should occur in order of registration date.
- c) These project components will be selected using the effective demand mechanism, in terms of which beneficiary selection occurs through the FHFP subsidy application process and is managed by the municipality or the beneficiary administration agent. If the municipality does not market the opportunities, marketing agents will also play a role in the beneficiary selection process.
- d) Marketing strategies will be adapted according to the level of proven effective demand for FHFP subsidy and the degree of contestation. Households which have sufficient effective demand to raise co-financing to obtain FHFP subsidy approval from the Department will be selected and approved.
- e) The affected potential beneficiary must indicate in writing to the municipality within a period of 30 (thirty) days of receipt of the official notice that the housing opportunity will accept or not be accepted.

5.2.1 Standard top structures: R3 501–R22 000/ month income band

- a. The municipality will assess the project context and determine whether the project component can be marketed across the whole municipality without geographic targeting or whether selection will be contested to the degree that geographic restrictions on selection will be required (i.e., whether a catchment area as defined in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project (see 4.5) should be applied to select beneficiaries.)
- b. If selection for the project is not contested (by group/s from particular geographic areas), the following steps will be taken:

- i. The municipality will ensure that the project component opportunities are marketed uniformly, and subsidy application process made accessible, across the whole municipal area.
 - ii. The municipality will set the first closure date for FHFP applications in consultation with the marketing and/or the beneficiary administration agent.
 - iii. The Housing administration will record the date and time of the receipt of each FHFP application.
 - iv. After the first closure date, the beneficiary administrator in consultation with the municipality will order the FHFP applications for processing. Applications from households recorded as HDDB entries will be ordered by the date of registration on the HDDB (A). Applications from households not recorded in entries on the HDDB will be ordered according to date on which the FHFP application was received (B).
 - v. Applications classified as A in point (iv) above, will be sent in registration date order for approval processing by the Department. Should opportunities remain in the project component after all applications in A have been processed, applications in B will be processed in application date order. Beneficiary selection terminates as soon as all opportunities are filled.
 - vi. If opportunities remain after step (v) above, a second application closure date will be set, and steps (iv) and (v) above repeated for the new applications.
- c. If selection is contested, the process in (b) will apply, except that:
- A). The municipality and beneficiary administration agency will clearly communicate to the residents as part of the marketing of the project that household's resident in the catchment area (as defined in section 4.5 and Map 1) in which the project is relocated will be prioritised in the selection process.
 - B). After the first date of application has closed, the beneficiary administrator will order the application in a similar way as described in (b)(iv) above except that prior to classifying and ordering into A and B, the applications will be classified according to whether the applicant household resides in the catchment area in which project is located (C) or outside the catchment area (D). The applications will be sent for approval processing by the Department in the following order CA, CB, DA and DB. As in (b)(iv) above, groups with A-type applicants will be processed in registration date order and those with B-type applicants processed in date of application.

- C). If opportunities remain after processes laid out in (ii) above have been completed, a second application closure date will be set, and the process for second round will occur as described in b). Prioritisation of households' resident in the catchment of the project will not occur in the second round, and the municipality and market/ beneficiary administration agency will clearly communicate that difference for the second round of applications in the marketing of the project.

5.2.2 Serviced sites: RX to R22 000/ month income band

The same process laid out in 5.2.1 (a), (b) and (c) above will apply, except that only households with income between X and R22 000/ month will be considered for contribution-based serviced sites.

The municipality will calculate the value of X to determine the lower monthly household income level applicable for selection to this project component. To calculate X, the cost at which the serviced site will be made available to the households must be determined. The value of the X income is read off the prevailing FHFP subsidy quanta schedule of the enhanced serviced site cost.

5.3 UISP projects

5.3.1 UISP projects in which no relocation occurs

- A). In a UISP project, the selection of households for final subsidy products in an upgrading project (which are delivered in Stages 3 and 4 of the UISP process), will occur according to the mechanisms laid out for the project component types, in section 5 above, as relevant to the upgrading project.
- B). To determine which project component types (from Table 4) are applicable to an upgrade project and their size, a survey or enumeration of households in the informal settlements targeted by the project for upgrading will be undertaken as close to the date of the start of Stages 3 and 4 as possible.
- C). Using the enumeration of households as a basis, the municipality will determine the project components to be included and the size of each project component. Project components must be set to accommodate all resident households in the upgrading area and provide households with the products for which they qualify. Final products will be supplied to UISP beneficiaries at a rate determined by the annual budget available for the project and the annual Business Plan.
- D). Households selected for components as final products are made available will be drawn exclusively from the households' resident in the informal area targeted for upgrading, and registration date will be used to determine the order in which households will receive final products within the component.

- E). Households outside of the informal settlement (backyards) targeted for upgrading by the project will be only selected for the project in cases where the sizes of the project components are miscalculated/ mis-estimated, and there is an oversupply of final products in relation to the household composition of the informal settlement.
- i. The total number of the serviced sites in project component that remain or became vacant be utilised for EHP on a case-by-case basis (e.g. court order evictions, destitute and vulnerable families). Section 4.6 here above and the selection mechanisms/ methods provided here below in section 5.3.2.1 will be applied
 - ii. Or in contribution-based project components in upgrading projects, if the opportunities supplied for those components cannot be filled by household's resident in the areas targeted for upgrading by the project, the selection mechanisms/ methods provided in section 5.2 will be applied.
- F). Households which do not qualify for a subsidy product or cannot make the necessary financial contribution will be provided with access to communal/ shared services as a minimum, subject to available resources. No specific selection mechanism is prescribed for final shared services. Such services should be as evenly distributed spatially across shared services areas as practically possible.

5.3.2 Relocation within a UISP project

Permanent relocation within a UISP project is necessary to allow for the provision of services, rights of way and the designation of individual plots on the site of the upgrading project. If relocation is required, the municipality will need to select households to either remain on the site or move off the site. After the latter relocation selection has occurred, selection for final products as laid out in section 5.3.2.1 and 5.3.2.2 will occur. The number of households from the UISP project accommodated on the site need to be matched by the number of households selected from the HDDB on a 50/50 basis. This means that each Greenfields sites (and the related projects) with a UISP de-densification component also needs to accommodate a component draw from the HDDB (backyarders)

5.3.2.1 Basic methods for selecting beneficiaries for relocation or remaining in an informal settlement.

The municipality will use one of five methods or some combination of them for identifying households, either for relocation or for remaining in an informal settlement which is targeted for upgrading and where households must be permanently moved:

- a) Selection ordering according to the duration of residence in the informal settlement.
- b) Selection according to ordering by the registration date of households on the municipal HDDB.
- c) Selection of households who are affected by permanent disability
- d) Ordering according to the age of adults in the core of the household
- e) Selection of households according to their relative location to public infrastructure and public facilities planned for informal settlement upgrade

5.3.2.2 *Certain methods used where there is difference in level of service between beneficiaries remaining on site and those relocated.*

In a relocation situation where there is a significant time difference between when those households remaining on the upgraded site and those being relocated will receive housing opportunities, the municipality will try to use methods (a) and (b) or a combination of them to select households. Households who have been residing for the longest period in the informal settlement or have the earliest registration dates on the HDDB will be selected for the project situation which is most advantageous regarding the delivery of subsidy products available in the project.

The provisions contained in 5.3.2.1 will be applied to both the households relocating and those remaining in situ on the site of informal settlement, depending on the timing of final housing product delivery across all the sites involved.

6 Administrative Process for pre-screening and beneficiary selection

6.1 Tracing household entries on the preliminary beneficiary selection list

The municipality will take measures to notify household entries selected and placed on the preliminary list to approach the municipality to complete subsidy application forms. The following measures will be taken:

- Notifications will be published in the local press.
- Notices which include the name and current residential suburb of non-dependant adults in the household selected on preliminary basis will be posted at municipal offices, local community hall and local library in the catchment area of the project.
- Announcements regarding preliminary selection and the need to complete subsidy application forms will be made at community meetings held in catchment area for the project.
- Two invitation letters or notices (30-days letter and 7-days letter) will be sent/ hand delivered to the entries selected intervals, subject to reply or completion of subsidy application form.

If non-dependant adult members of a selected household do not complete the subsidy application form within six weeks of the second letter (7-days) or final notification being sent, the entry will be removed from the preliminary list and replaced by another HDDB entry according to the same selection mechanisms used to select the original entry.

A similar tracing process will be used to notify approved entries to take occupation of the units following subsidy approval. The time frame (six weeks) to take occupation of units may not apply or may be shorten to a day or 7 days due to the following challenges:

- i. delays of issuing of occupational certificates for ready units,
- ii. vandalism of houses and
- iii. threats of unlawful occupation of units

6.2 Queries about beneficiary selection

During the tracing period, members of the public may query the inclusion (or exclusion) of entries on the preliminary list. Queries can be made at community meetings or to ward committees or councillors. Officials must respond to verbal queries as appropriate.

Queries can also be submitted in writing to the municipality regarding information conveyed in correspondence and notices listed in section 8.1. Responses to written queries will be provided in writing within three weeks of receipt of the query.

All queries and official responses to them should be officially recorded as minutes of meetings or as correspondence.

6.3 Removal of entries from the preliminary list

An entry will only be removed from the preliminary list under four circumstances, subject to authorisation by the Director: Community Services:

- a) If the selected household cannot be located to complete subsidy application forms subject to 8.1.
- b) If a selected household decides to opt out of the project component. The household must indicate this desire in writing to the municipality, and the written request must be acknowledged by the municipality and retained for auditing purposes. A household entry selected for a project component is allowed to opt out of the project before subsidy approval without any penalty, prejudice or favour in future projects (through the normal routine application of selection mechanisms provided for in the Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project).

- c) In the case of selection for medium-density housing component, if the municipality has determined that at least one member of the selected household is unable to access the second floor. To determine whether households should be filtered out, the municipality should conduct a simple questionnaire-based survey of all households selected for the medium-density housing component. When reviewing the survey findings, the municipality must correlate survey responses with any disability disclosed during the registration or updating by the selected households. In addition, the registration form must include a question about the ability of household members ascend and descend two flights of stairs unassisted, and survey results must be correlated against responses provided.
- d) If the values or status claimed by the selected household for the indicators used to select households are proved false or not valid based on objective evidence as defined in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project. Counterclaims made by members of the public must be verified by official documents if used as a reason to remove an entry from the preliminary list. Councillors or representatives of households or beneficiary groups will play no role in determining whether counter claims are valid, and any allegations of falsehood are correct, and removing entries from the preliminary list of beneficiaries. The municipal administration will record in writing the reasons for the removal of any entry from a preliminary list and retain the objective evidence used to justify removal (as indicated in section 8.7(g)).

6.4 Appealing beneficiary selection decisions

Any appeal in relation to a selection decision for ownership-based opportunities within the municipality must be directed to the Municipal Manager in terms of section 62 of the Local Government: Municipal Systems Act, 2000.

Appeals should take the form of a written notice from the member of the public, giving reasons, within 21 days of the date of the notification of the selection decision.

7 Institutional arrangements

The responsibilities laid out below pertain to all project component types, except where indicated.

7.1 Communication of the Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project

The municipality will communicate this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project to the citizens of the municipality at least once per year through publishing information in local newspapers and displaying information on the notice boards of public buildings. Each municipal

housing office will display information explaining the Policy. This Policy will be available in full on request for reading in all municipal buildings in which the officials of the municipality interact with the public in a face-to-face manner.

The responsibilities of citizens to register and update information will be made clear, especially the responsibility of residents to register on the HDDB and keep their details up to date. The consequences of not fulfilling these responsibilities will be explained.

7.2 Council

The Council is responsible for:

- Adopting and reviewing, by resolution, the municipality's Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project.
- Monitoring the implementation of the Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project.
- Executive Mayor / Council must endorse households not registered on the HDDB for longer than three years on case-by-case basis with the verifiable evidence. The Executive Mayor or Council must endorse, on a case-by-case basis and with verifiable evidence, households that have not been registered on the HDDB for more than three years.
- The catchment determination can occur after consultation with the Council / Executive Mayor and Director responsible for human settlements administration

7.3 Municipal Manager

The Municipal Manager is responsible for implementing this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project, promoting understanding of the Policy, encouraging citizens of the municipality to register on the municipal HDDB, providing accurate registration data, and keeping entry details on the database up to date at the request of households. (The promotion of registration will be extended to households living in informal settlements, especially those targeted for upgrading, as soon as practically possible, and to households earning between R3 501 and R22 000/ month).

The consequences for households regarding beneficiary selection of not providing accurate information and not keeping this information up to date will be explained to citizens.

To enable implementation, the Municipal Manager will delegate the required roles and responsibilities in the manner described below.

7.4 Director Community Services responsible for human settlements

The Director Community Services responsible for human settlements has the following roles and responsibilities:

- a) In every IRDP, FHFP and UISP project planned and delivered by the municipality, determining the project components to be included in the project and relative size of each project component, both non-contribution-based and contribution-based (after receiving recommendations from the housing manager and other officials). In UISP projects, project components and their size must be informed by enumeration exercises.
- b) Issuing written instructions to the database unit about how the Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project will be implemented for each project component.
- c) Ensuring that the Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project is being implemented in each project component by requesting information from the project manager and database unit on how the Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project is being applied in each project component and taking necessary corrective steps.
- d) Determining the method for selecting beneficiaries for permanent relocation where required in a UISP project after considering recommendations from the relevant UISP project steering committee and officials, including the housing manager.
- e) Following comments or queries from members of the public, determining whether entries on preliminary beneficiary selection lists should be removed based on recommendation made by the housing manager, authorising such removal of entries, and determining whether preliminary lists entries should be sent to the Department for subsidy approval.
- f) Determining whether a contribution-based project should be designated as “contested” as described in section 5.2.1, and whether geographic targeting is required. If not using catchment areas specified in this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project (as set in Section 4.5 and Map 1), determine the catchment area in each applicable project. This determination can occur after consultation with the Council / Executive Mayor, if deemed necessary by the Director responsible for human settlements.
- g) In a contribution-based project, ensuring that the marketing and beneficiary administration is accessible and sound, and that all applications are treated equally (across the municipality or within the catchment area as applicable according to this Housing Selection Policy for

Beneficiaries in Ownership-based Subsidy Project) and ordered for processing as provided for in 5.2.1.

- h) Officially acknowledging households that have chosen to opt out of a project for which they have been selected by signing off on each opting out application and authorising removal from the preliminary list of selected entries (See 7.3).
- i) Authorising the filtering out of household entries selected for medium density units assessed to have at least one member who cannot access the second floor based on recommendations by the housing manager (See 7.3).
- j) Reporting to the Council on a regular basis on how beneficiary selection broadly occurred within current subsidised human settlement projects i.e., the number of opportunities in the project, the project components the quotas used, the number of opportunities within each quota.

7.5 Manager: Integrated Human Settlements and Development

The Manager: Integrated Human Settlements and Development have the following roles and responsibilities:

- a) Generally ensuring that all processes required for selection in the project component as laid out in the Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project take place.
- b) Making recommendations to the executive manager responsible for human settlement on the mix of project components and their sizes which should be applied in each subsidised human settlement project and submitting these recommendations to the executive manager for approval.
- c) Submitting other information about the project to the executive manager on request to enable decision-making.
- d) Establishing a Project Steering Committee (PSC) or so called Social Compact Committee for every project.
- e) Managing the process of addressing queries regarding beneficiary selection and preliminary lists of selected beneficiaries from citizens (refer to section 7.2), where possible by referring queries to the appropriate municipal officials and informing members of the public about the responses. If selected entries need to be removed from the preliminary beneficiary list following comments from the public because the values or status claimed regarding the indicators used to select households are proved false or not valid based on objective evidence, submitting recommendations for removals and providing reasons for such recommended removals to the executive manager responsible for human settlement.

- f) Administering the formal process through which household entries selected for a project apply to opt out of the project in line with section 7.3(a).
- g) Conducting surveys of households selected for medium density units and analysing results as described in section 7.3(c) and recommending to the Director: Community Services as responsible for human settlements the entries that should be filtered out because at least household member cannot access the second floor.
- h) Informing the database unit and Director about subsidy recipients to enable the unit and Director to track the status of entries on the HDDB, including the names of the non-dependent adults in a household, the erf number, and the handover date.
- i) In contribution-based project components, assisting the executive manager responsible for human settlement to ensure that the marketing and beneficiary administration is equitably carried out, is accessible and sound, and that all applications are treated equally (across the municipality or within the catchment area, according to this Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project).
- j) In contribution-based project components, overseeing the process whereby beneficiary administrators submit FHFP application in registration order and, if necessary, overseeing the ordering of applications by date of application for subsidy approval.
- k) In contested project components, ensuring that geographic targeting is carried out correctly, and that only applications of households resident in the targeted catchment area are prioritised as provided for in section 5.2.1(c).
- l) The Office of the Manager: Integrated Human Settlements will undertake a preliminary investigation into cases where beneficiaries are leasing their newly constructed IRDP houses prior to the completion of the transfer process. Subsequent to the preliminary report, Overstrand Municipality Law Enforcement will further investigation in accordance with the provisions of section 40 and 42 of the Criminal Procedure Act, 1977 (Act No. 51 of 1977).

7.6 Project Steering Committee / Social Compact Committee

The Project Steering Committee/ Social Compact Committee will only be consulted on recommendations for how selection within the relocation project will take place. The Director Community Services responsible for human settlements will make the final decision on households selected for relocation.

For relocation project components, the municipality will establish the Steering Committee/ Social Compact Committee by placing an advertisement in the local community newspapers and municipal offices calling on interested parties to be part of the establishment of a Project Steering Committee/ Social

Compact Committee. The steering committee/ social compact will be elected at a public meeting called by the municipality and will comprise representatives from the following stakeholders:

- Officials from the municipality, including the housing manager or delegated official.
- Representatives of households' resident in the geographic area to be developed or upgraded by the project.
- Councillors, both proportional representation councillors and ward councillors for the ward/s in which the project will take place.
- Project consultants and contractors.

7.7 Database unit

The Director: Community Services responsible for Human Settlements will establish a separate unit for managing the HDDB, although such a unit may consist of one or more officials who may have other responsibilities in the municipality but may not be project managers. The role of the unit entails:

- a) Processing registration forms from individuals and households for entry onto the HDDB and promoting registration across the municipality.
- b) Updating information provided in HDDB entries on request by households and verifying such information when required for selection (refer to section 3).
- c) The HDDB Verification campaign should be conducted at least once every 2 years or on special request by Municipal Manager. The campaign should address the potential duplications and other anomalies. Any existing applicants on the database that does not participate in this process, their status can be changed from **“Waiting”** to **“Dormant”**.
- d) Storing the information contained on the registration forms securely (electronic filing).
- e) Applying the Housing Selection Policy for Beneficiaries in Ownership-based Subsidy Project to the HDDB to select beneficiaries for the project by order of the manager responsible for human settlements.
- f) Answering formal queries referred by the housing manager in writing about any preliminary beneficiary selection lists and making these answers available to the housing manager (see section 8.5(e)).
- g) Keeping track of the status of entries on the HDDB, including whether and when HDDB entries receive a subsidy, and the location of the subsidy property.

- h) Preserving and filing all preliminary lists of beneficiaries, before and after the removal of entries and subsidy approval process as described in section 7.3 (including the reasons for removing entries from the preliminary lists)
- i) Preserving and filing all written instructions from the Director: Community Services about how entries should be drawn off the HDDB for a particular project (and project component).
- j) Keeping records of HDDB households on the preliminary list of beneficiaries who cannot be located to complete subsidy application form or approval process, (and records of subsidy-approved households which cannot be located to take receipt of the subsidy product).

7.8 Contractor or implementing agents

Contractors or implementing agents will play no role in the selection except, at the request of the municipality, to contact individuals or households who have been selected in any primary selection process, or in case of contribution-based project components, to run the beneficiary administration process in close consultation with the municipality

Annexure 1 Project Towns, associated suburbs and settlements, and regional towns

PROJECT TOWN	REGIONAL TOWN OR NON-REGIONAL TOWN	CATCHMENT AREAS
Hermanus	Regional town	Zwelihle; Mount Pleasant, Hermanus, Onrus, and Sandbaai (<i>including surrounding farms</i>)
Hawston	Regional town	Hawston; Vermont and Fisherhaven, (<i>including surrounding farms</i>)
Gansbaai	Regional town	<i>Masakhane, Pearly Beach, Buffelsjagbaai and Blompark Gansbaai CBD (including surrounding farms)</i>
Kleinmond	Regional town	<i>Rooi-Els, Pringle Bay, Bettys Bay, and Kleinmond (including surrounding farms)</i>
Stanford	Non-regional town	<i>Stanford (including surrounding farms)</i>

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