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Community Rental Units Programme)

PART A Policy Framework

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human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

A. POLICY FRAMEWORK

1 POLICY INTENTION

- 1.1** The Community Residential Units (CRU) Programme aims to facilitate the provision of secure, stable rental tenure for lower income persons. The programme provides a coherent framework for dealing with the many different forms of existing public sector residential accommodation. The previous allocation methodology for hostels only considered a “per-bed” approach which was not always favourable. Public stock was also not dealt with decisively and comprehensively.
- 1.2** The CRU programme will target low income persons and households earning below R3 500 per month who are not able to be accommodated in the formal private rental and social housing market. The programme seeks to bridge the divide between social housing and lower markets which posed a significant problem.
- 1.3** According to provincial figures, there are currently approximately 2 000 public hostels comprising more than 1 000 000 beds that needs to be addressed by government. In most cases, the hostels are accommodating single-sex occupants, are overcrowded and have been neglected. The hostels are also not often integrated into the communities where they are located. Due to mismanagement and no application of preventative maintenance, these units are now in a serious state of disrepair resulting in non-adherence to health and safety standards.
- 1.4** There are also an additional 200 000 residential units in the ownership of provinces and municipalities built prior to 1994. The Enhanced Extended Discount Benefit Scheme (EEDBS) has been introduced to facilitate the transfer of ownership of the units to individuals. However, it is evident that in some cases (1) it might be more viable, cost effective and strategic for the public owner to retain the housing asset rather than transfer it to beneficiaries who are not necessarily ready or able to afford ownership of the units and (2) in some cases, especially with multi-storey buildings, it is extremely complex, difficult and costly to transfer ownership to individuals and therefore the stock would be better suit to be retained as rental accommodation.
- 1.5** Nationally, 45,12% of households falls within the R0 - R800 income groups renting and 40,27% in the R801 – R3200 income groups. The majority of these households are accessing informal rental housing opportunities as they are not being served or cannot access the formal private rental market or the social housing market. It is therefore necessary to provide a low income rental

housing solution that will be complementary to the formal private market and the social housing market and promote access to the formal market through state subsidy assistance.

- 1.6** The CRU programme replaces the “National Hostel Re-development Programme” and the proposed “Affordable Rental Housing programme”. The CRU programme is complementary to, and runs in parallel to the National Social Housing Programme but serves a different target market. The CRU programme should also be seen as an option in Phase 4 of the “Informal Settlement Upgrading Programme” and as a long-term option in cases where “Emergency housing” has been provided by government. The programme should be seen as forming a basis for stepping or transitioning informal and inadequately housed tenants into the formal housing market. The programme will provide for a variety of accommodation options in order to facilitate and address access by the target market and demands and needs of the target market.

2 SCOPE OF THE CRU PROGRAMME

2.1 The CRU programme will cover:

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

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

3 OBJECTIVES OF THE CRU PROGRAMME

3.1 The objectives of the programme will be to:

- a) Stabilise the housing environment and market especially in township, suburb and inner city areas;
- b) Support the integration of public housing into the broader housing market and environment;
- c) Ensure the creation of sustainable public housing assets;
- d) Address dysfunctional and/or distressed buildings in cities;
- e) Provide rental accommodation for lower income groups not viably serviced by the social or other housing programmes; and
- f) The capitalisation plan is a once-off allocation that includes capital works and long-term maintenance only, and it is intended that the operational costs will be realised from rental income (cost-recovery model). It is not desirable for operational management costs to be subsidised.

4 PRINCIPLES OF THE CRU PROGRAMME

4.1 The CRU programme should:

- a) Facilitate communication and participation/inclusion of residents throughout the process;
- b) Facilitate choice by providing a variety of rental housing accommodation options;
- c) Ensure equity as far as possible through the application, implementation and management of the programme;
- d) Provide a secure, stable rental housing tenure for low income person and households; and
- e) Provide and ensure a realistic funding programme for this housing in order to ensure viable, long term rental charge structures for the tenants of properties built under this programme.

4.2 The CRU programme is a targeted programme for resolution of specific historical problems relating to public housing stock and for the provision of new formal rental accommodation in conjunction and complementary to the other rental housing programmes of the National Department and the activity of the private sector. It should support the transition of individuals and

households from an informal and inadequate housing situation into the formal housing market.

5 TARGET MARKET OF THE CRU PROGRAMME

5.1 The target market of the CRU programme will be:

- a) Existing residents in the housing stock are the primary target market. This includes both subsidy qualifiers and non-qualifiers. Subsidy qualifiers will have the choice between the CRU rental housing option or moving to a housing ownership option through one of the other national housing programmes.
- b) Displaced persons from informal settlement upgrading, eviction processes, etc.
- c) New applicants should be qualifying beneficiaries from the provincial or municipal housing waiting list earning a household income equal to or less than the income threshold annually announced by the Minister. New applicants looking for immediate individual ownership will not form part of the CRU programme.
- d) Qualifying indigent groups would also qualify for the housing but they must be able to pay some form of rental and services/utilities. This will also be determined by the implementation of each municipalities own rent assistance policy.

6 OWNERSHIP OF THE HOUSING STOCK

- 6.1** The housing stock funded by the CRU programme must be owned either a provincial department or a municipality.
- 6.2** The housing stock funded by the CRU programme should remain in public ownership and cannot be sold or transferred to individual residents. Residents therefore have no pre-emptive right to purchase the housing stock.
- 6.3** Ownership of the existing housing stock should be transferred from a provincial department to a municipality, in terms of the provisions of the Housing Act, 1997.

7 MANAGEMENT OF THE HOUSING STOCK

- 7.1** A municipality can choose to manage the housing stock in-house or outsource the management to a private company or a municipal entity as long as all costs related to the units forming part of a specific scheme can be financed within the operating budget for the specific housing stock.
- 7.2** A Provincial Department can choose to manage the housing stock in-house or outsource the management to a private company or a municipal entity or a provincial entity/agency as long as the option can be covered within the operating budget for the housing stock.

8 APPROACH TO THE HOUSING STOCK

- 8.1** The CRU programme will require both the provincial department and the municipality to audit all its existing housing stock, on a phased basis for municipalities/provinces with a rental stock holding of greater than 10 000 units, to determine the most appropriate approach for dealing with the individual rental schemes. Within this audit, municipalities may also identify areas of opportunity for the development of new public housing stock. Once the audit has been completed, the most appropriate CRU development option should be selected.
- 8.2** The CRU programme will have the following primary development options for housing stock. The definitions of the terms are provided in the following table:

OPTION NO.	INTERVENTION	
1	Stabilisation	
2	2.1	Simple demolition of single-storey buildings, and site rehabilitation to rid sites of undesirable structures and/or to prepare for new build infill
	2.2	Medium complex demolition of double storey buildings with flat slabs on load-bearing brickwork, and site rehabilitation to rid sites of undesirable structures and/or to prepare for new build infill
	2.3	Complex demolition of multi- storey buildings (2-4 storey walk-ups) with reinforced concrete framed structures, and site rehabilitation to rid sites of undesirable structures and/or to prepare for new build infill

OPTION NO.		INTERVENTION
3	3.1	Basic refurbishment – no upgrade (repair and re-decorate existing, including simultaneous upgrade of specifications), following stabilisation where required
	3.2	Upgrade refurbishment (repair and re-decorate existing without upgrade), following stabilisation where required
4	4.1	Hostel conversion: dormitories to self-contained units
	4.2	Simple conversion of existing inner city buildings (residential to residential e.g. hotels to flats)
	4.3	Complex conversion of existing inner city buildings (other use to residential e.g. offices to flats)
5	5.1	New build infill on existing sites – single storey
	5.2	New build infill on existing sites – two to four storey walk-ups, conventional foundations
	5.3	New build infill on existing sites – two to four storey walk-ups, piled foundations
6	6.1	New build on greenfields sites – single storey
	6.2	New build infill on existing sites – two to four storey walk-ups, conventional foundations
	6.3	New build infill on existing sites – two to four storey walk-ups, piled foundations
7		Complete redevelopment of hostel complexes, incorporating one or more of options 2, 3, 4, 5 above in combination
8		Long-term capital maintenance for all of the above

8.3 Existing residents interested in a purchase or ownership options should be directed to housing programmes dealing with ownership, if they are not already accommodated within the EEDBS programme.

9 FUNDING ARRANGEMENTS FOR THE CRU PROGRAMME

- 9.1** The CRU programme aims to achieve a viable sustainable public asset, using as a base measure and principle the charging of cost-recovery rentals. Given the target market that the programme will be serving, it might be necessary for the property owner to provide some form of rent relief assistance to the occupants of the housing.
- 9.2** The CRU programme will provide funding for the capital costs of project development and future long-term capital maintenance costs. The programme has not provided for any land acquisition and/or purchase costs, given that most of the properties would be in the ownership of the province or municipality already. In cases where properties have to be purchased the costs will have to be carried by the province and/or the municipality prior to participation in the CRU programme. The CRU programme will provide funding for facilitation to ensure that the communication and participation processes are included in the process.
- 9.3** Costs not associated with development/refurbishing of the properties will not be funded by the CRU programme and are the responsibility of the owner of the housing stock and have to be covered by the rental income collected. The property owner will also have to decide on the nature and format of the rent relief assistance that will be provided to the tenants in the projects from its own resources.

Capital project funding

- 9.3.1** The capital project funding or CRU subsidy will be calculated to cover the total project development cost for each of the development options outlined in section 8.2 above. The funding will be sourced from the annual housing funding allocation to provincial governments by the Minister in terms of DORA.
- 9.3.2** The development options can be applied in the following ways to the different types of housing stock.

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

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

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

9.3.5 Hostel re-development projects may comprise one or more of the following options in one project in varying combinations i.e. a mix of:

- a) Partial or complete demolition and site rehabilitation;
- b) Refurbishment; and/or
- c) Conversion; and/or
- d) New build (infill).

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

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

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

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

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

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

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

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

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

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

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

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

9.4 Operating funding

9.4.1 Operating costs include administration costs (including staff, office etc), emergency and general maintenance, general upkeep and cleaning, insurance of buildings, education and training for residents, security and furniture. Rates, taxes and services and utility costs of common areas. Funding of operating costs has to come from the rental income collected by the owner.

9.4.2 Given that lower income groups will be occupying the housing stock, situations will arise where some rent relief assistance may have to be provided by the property owner to the tenants. The basis of the rent relief assistance will have to be outlined in local provincial or municipal policy and the funding implications agreed by the property owner before it is offered to the tenants.

9.4.3. Rent setting needs to be done in such a manner to ensure that operating costs are covered but also ensuring affordability for the target market. Therefore cost-recovery rentals will apply. The cost recovery rental will be calculated as follows:

- a) The standard m² rate will be used to calculate the rentals. This m² rate will be calculated by taking the total operating budget for the housing

stock and dividing it by the total m² of housing stock that the municipality or provincial department owns.

- b) All tenants will be charged the same m² rate. The calculation of the rental and the m² rate should be clearly communicated to the tenants.
- c) Annual rent increases will relate to the operating cost increases. These increases are set amounts from treasury that have to be applied by all municipalities and provincial departments.
- d) Rates and taxes should be captured in the operating budget for the stock and will therefore be provided in the rentals. Municipalities should however look to reduced rates and taxes on this public stock where possible to facilitate affordability for the target market
- e) Electricity on individual units should be collected through the installation of pre-paid meters. Common area electricity costs should be included in the operating budget and therefore captured in the rental
- f) Water usage to individual units will be controlled through flow-meters installed on each unit. The cost of water usage in common areas should be included in the operating budget and therefore recovered from the rentals.
- g) In order to differentiate and address issues of location and environment that are rental property specific the owner must, on a sustainable and affordable basis, incorporate premiums (to be applied as an add-on to the standard rental) that address well located properties, well maintained properties, properties in a safe environment *AND* deductions (to be deducted from the standard rental charge) that address shared facilities, no hot water cylinders. These premiums and deductions should be self balancing, in terms of the net of the sum of the applicable tariff assigned to each of these items, across the rental stock portfolio of the province/municipality. The province/municipality will have to provide a policy to specify the premiums and deductions and the justification /basis for introducing them.

9.4.4 The responsibility for proper efficient management of the housing stock will rest with the owner of the property. In cases where rental arrears exist prior to redevelopment, the authority should deal with

this in terms of PFMA, MFMA and MSA. In the same manner the authority have to deal with new arrears that arise post-redevelopment.

10 SPECIAL CIRCUMSTANCES AND CONDITIONS

10.1 The Geo-technical variation will apply to New build infill and new build greenfields options. The variation will not apply to walk-ups built on piles as the existing rates for this option already takes care of the geotech situation. The rates applicable are as follows:

10.1.1 For areas/projects that qualify for 7,5%: R108.00/m²

10.1.2 For areas/projects that qualify for 15%: R216.00/m²

10.2 SCCCA makes provision for ceilings, insulation in the ceilings and plastering of external walls to 2.4m height. The specifications for the CRU programme already include these elements. An allowance of R155.00/m² is however provided for new build greenfields and new build infill options of the CRU programme. This allowance provides for improvements in specifications for the control of condensation e.g. better cross-ventilation by means of more/bigger windows, increased floor to ceiling heights and steeper roof pitches for better ventilation of roof spaces.

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

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

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

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

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human settlements

Department:
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REPUBLIC OF SOUTH AFRICA

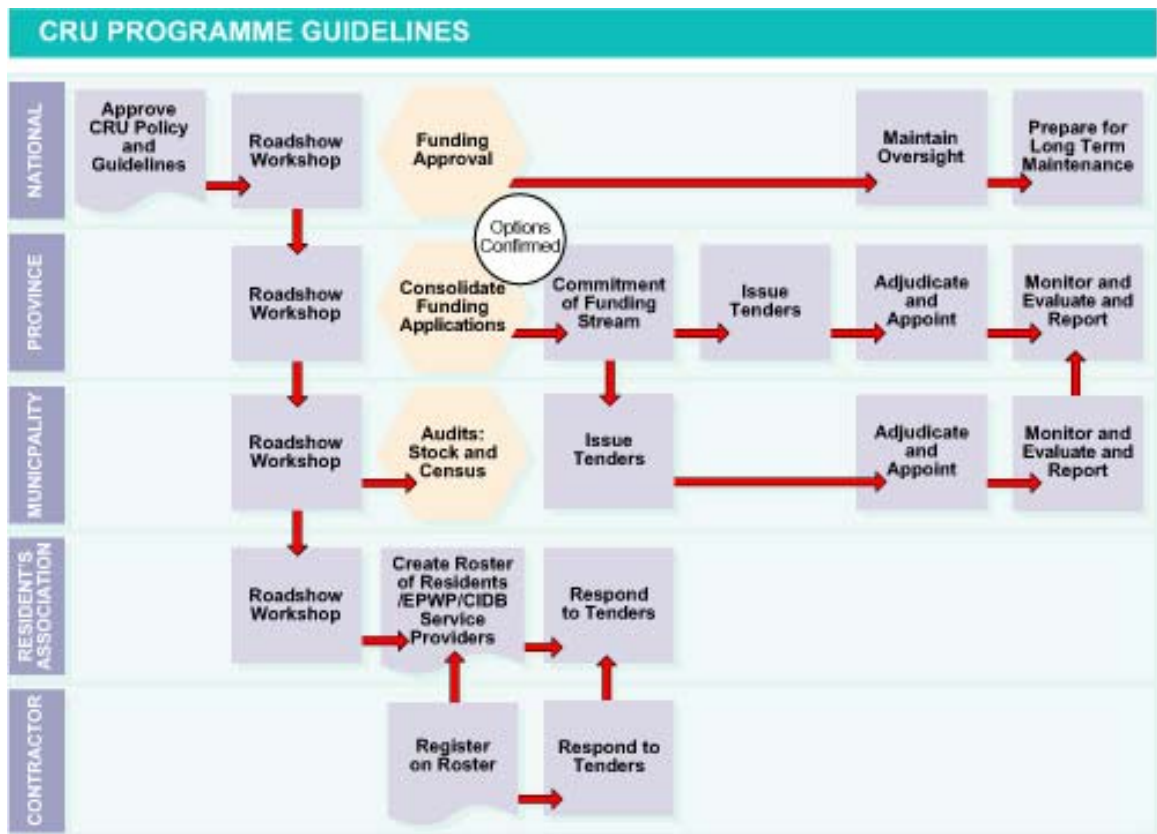
B PROGRAMME GUIDELINES

The programme guidelines outline the processes and procedures for:

- a) Housing stock audits for the identification of relevant housing stock to be included in the CRU programme;
- b) Application for the CRU funding;
- c) Disbursement of the CRU funding;
- d) Project development;
- e) Property management; and
- f) Ongoing monitoring and reporting on the properties.

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

An overview of the proposed process for the introduction and roll-out of the CRU programme is diagrammatically presented as follows:-



1 IDENTIFYING THE RELEVANT HOUSING STOCK AND ITS CONDITION

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

1.2 The housing stock audit should provide:

- a) Clarity on what is PD and what is municipally-owned housing stock. In cases where no such information exists it must be attained. There must also be clarity on land ownership, building ownership and maintenance arrangements. Where necessary, decisions must be reached as to responsibility.
- b) The actual number of housing units per building/projects etc. must be on record. The Surveyor General information must also be accessed to obtain original building plans and subsequent plan changes.
- c) A register of the condition, quality and maintenance needs of each of the buildings and each of the housing units.
- d) All the associated costs/debts/arrears that exist for the housing unit per building/project.
- e) In cases where records exist, verification procedures must be put in place, these will take the form of actual visits to the appropriate sites, where the details of the unit will be recorded i.e. size, m², condition/quality, tenant etc.;
- f) This process will be fruitless unless we simultaneously undertake a census of current occupants, including income profile of residents. We need to obtain a sense of who we need to accommodate in what typologies and how to deal with non-qualifiers. The ultimate result will be tenant regularisation.

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

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

2 APPLICATION FOR PROGRAMME FUNDING

- 2.1 The application form contained in the Annexures should be completed together with the supporting documentation and sent to the PD following approval of the inclusion of the project in the Provinces development programme. In the case of provincial housing stock, the application and supporting documentation should still be provided and completed and captured in the HSS system in order for ND to track the project process and applications. This must not however delay the approval and funding of the overall project.
- 2.2 The PD should ensure that CRU funding commitments provide funding for both provincial and municipal housing stock, so that both tiers of government are able to develop their housing stock. It must be borne in mind that ND will transfer these funds to PD who will channel the funds to municipalities (until accreditation).
- 2.3 Once an individual project application has been approved by the MEC of the province a letter of commitment for the funding should be provided to the municipality. The municipality/province will fund this programme from its annual DORA allocation, with reference to section 3 below.

3 DISBURSEMENT OF THE PROGRAMME FUNDING

- 3.1 The CRU capital grant will be disbursed by the provincial department and the funding provision will have to be made in the provincial budgets and business plans for the CRU programme on an annual basis.
- 3.2 To enable the consistent and continuous redevelopment of this housing stock the province should consider providing firm funding commitments to municipalities for project funding in cases where they might not have current funding available within their budgets. This will enable the municipalities to bridge fund the redevelopment of the housing and recoup the funding from the provinces at a later stage.

- 3.3** The National Department will have to provide oversight in cases where provinces are allocating programme funding for housing stock that they own. This oversight can be provided by the Department directly or through the appointment of one of its agencies.
- 3.4** Provinces will have to make sufficient provision for the CRU programme funding over the MTEF periods as follows:
- 3.4.1** Most provinces already reserve a portion of their annual housing allocation for their hostels redevelopment projects (per-bed model) as well as annual capital funding for maintenance and payment of rates and taxes. Municipalities access the hostel subsidies upon presentation of approved viable business plans. It is envisaged that municipalities and especially provinces should factor in the existing budgetary provisions into their new applications for CRU funding. The CRU funding mechanism may be used to supplement current budget allocations and eventually replace existing budgeting provisions. Under no circumstances may this arrangement be exploited to the extent that both funding mechanisms are applied to increase the amount available beyond the guideline amount catered for in the CRU Programme.
- 3.4.2** It is obvious, though, that CRU funding is much more attractive and sustainable than the previous hostel subsidy. Therefore all work up to March 2007 should be dealt with via the previous hostel subsidy, but that all work post March 2007 should fall under the aegis of the CRU programme.
- 3.4.3** Post March 2007 for Provinces and post June 2007 for municipalities, the CRU programme budget should come onto full effect.
- 3.4.4** It is further recommended that municipalities and province tap into existing budgets to create the Development Programme referred to in section 8.1. Although the application for qualification in the CRU programme is not required to be extremely detailed, enough specialist skill is required to present reasonable arguments. The CRU programme does not cater for this as funding has only been provided from Detailed Feasibility and Detailed Design onward. Therefore existing budgets should be targeted for this purpose.
- 3.4.5** Certain projects, either at municipal or provincial ownership may already have been adequately funded and close to completion. The competent authority may decide to exclude these projects from the

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

4 PROJECT MANAGEMENT AND FACILITATION

- 4.1** Standard project procurement processes as required by the PFMA, MFMA, MSA must apply at all interfaces between the organ of state and the supplier of housing goods and services.
- 4.2** The project development process should cover:
- a) Inception and detailed feasibility;
 - b) Normalising and regularising of residents (in case of existing stock) and communication with residents and resident representative structures;
 - c) Design or re-design;
 - d) Contracting and commissioning; and
 - e) Handover and completion of the project.
- 4.3** Preference should be given to community contractors and/or emerging contractors, who have a successful track record, where possible for the CRU projects and appropriate risk management procedures should be put in place to manage the quality of the work.
- 4.4** The property owner will be responsible for informing residents of the development and ensuring their participation in the project development process as far as possible and necessary.

5 PROPERTY MANAGEMENT

- 5.1** Past experience has taught us that projects in this programme were not managed well and were dealt with piecemeal. The stock has gradually deteriorated to the point that some units need to be demolished. There are some pockets of good practice, but they are few and far between. In order for us to avoid repetition of the same mistakes, we must consider options for Property/Facilities Management. This is the only way we can justify the huge expenditure we will be investing.
- 5.2** The PD and/or municipality as the property owner will be responsible for ensuring that a proper property management and rent collection system is in place for the management of the housing stock.

- 5.3** The PD and/or municipality must ensure the signing of leases that are in compliance with the Rental Housing Act with the tenants before occupation of the accommodation. New leases must be signed in every instance. Where municipalities are owners, one lease can be used for both rental and consumption of services. Where PD is the owner, the lease may only cover rental, whilst a separate contract is signed with municipality for services.
- 5.4** Property management may be outsourced to a private company or municipal entity as long as sufficient operating funding is provided for to cover the costs of the outsourcing. The municipality or PD will have to follow PFMA and/or MFMA, MSA procedures and requirements for the procurement of the property management service providers. This implies that a financial viability model must be created per hostel, block or group of units. Without pre-empting any individual decision to be taken we would like to indicate some of the options
- 5.4.1** Property and Facilities Management by current management unit: In some instances municipalities and provinces have sufficient skill to adequately manage stock. There may also be plans to progressively upskill the current team to optimise efficiency. It must be borne in mind that these units, if well maintained, will develop value over time and the municipality may feel that it is best managed from within. The municipality may have to invest further to add capacity and skills to the existing unit. The proposal may also be attractive because the rent charged does not have to service debt, but only cost-recovery.
- 5.4.2** Outsourcing to an established Property/Facilities management entity: The private sector has established players in this sphere who manage tens of thousands of units of significant value. This may be seen as a scaled-down PPP arrangement. Municipalities introduce private sector management standards into public housing. The attractiveness and eventually the value of these units will increase. The private sector will be drawn to this because of the “no-debt” factor as well as the provision for long-term maintenance. Ownership still vests with municipalities/provinces, which can focus on their core functions. After the management period expires, decisions can be taken whether to extend the engagement or other alternatives. Municipalities could make arrangements for any “redundant” staff to be taken over by the outsourcing agent. This has worked well overseas.
- 5.4.3** Outsourcing to Social Housing Institutions: This scenario is similar to the above but the entity involved also looks at a sector of government-

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

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

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

- a) Understanding of the full scale of maintenance (preventative, scheduled, non-scheduled, emergency etc);
- b) Legal skills to handle leases (this will be a necessity) and evictions;
- c) Financial skills to manage rent collections, cashflows, creditors, debtors and banking;
- d) A robust, reliable and accurate tenant management system (Technical/IT skill);
- e) Tenant Liaison skills – manage tenant choice, education and qualification criteria;
- f) An understanding of market-related building material supply;
- g) Understanding of Health and Safety Standards (including fire evacuation);
- h) Understanding of Access Control;
- i) Ethnic Tolerance; and

j) Understanding the workings of the Rental Tribunal.

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

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

- a) Roadshow to obtain Provincial and Municipal buy-in before rollout;
- b) Engagement of Resident/Tenant Associations, especially for presentation of conceptual designs;
- c) Media releases, leaflets and radio slots; and
- d) It may be wise to choose pilot projects in each province/municipality so that we can fine-tune or tweak procedures.

6 PROGRAMME MANAGEMENT ARRANGEMENTS

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

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

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

- Legal.
- 6.3** Provinces should also create a CRU Task Team made up of representatives from province and municipalities so that prioritisation and planning is not compromised. This team must sit at least monthly and report and cross-share experiences and dangers. This will go a long way to addressing capacitation issues. Municipalities that were isolated can now interact in a broader forum and receive skills transfer based on best practice.
- 6.4** Municipalities are at the coalface of delivery and should therefore be adequately capacitated to manage this programme. Any lack of sufficient skill must be brought to the attention of the provincial Task Team who must indicate in their planning and project documents how this will be addressed. Other options regarding management must also be investigated including PPP's, Co-sourcing and Outsourcing so that we don't go on an unnecessary staffing exercise. The Advisory Team will also be expected to assist on choosing the best management method.
- 6.5** The programme roll-out activities are outlined in the Table 1 below:

C IMPLEMENTATION DATE

TABLE 1: CRU ROLL-OUT SCHEDULE

Time-frame (20XX)	November '06	December '06 till February '07	March '07	April '07 till March '08	April '08 till March '09 April '09 till March '10	April '10 till March '11	April '11 till March '12
Major Activity	Approval of CRU Programme	Inception of Development Programme	Approval by ND	Detailed Feasibility & Detailed Design	Construction	Capital Works Project Close-Out	Long Term Maintenance
Sub Activity	<ol style="list-style-type: none"> 1. Presentation to MINMEC 2. Formation of Advisory Group 3. Roadshow 4. Confirm Criteria for qualification 	<ol style="list-style-type: none"> 1. Formation of Provincial Task Team 2. Project listing and prioritisation 3. Current status 4. Overview of plans 5. Initial budget estimate 6. Consolidation and submission 	<ol style="list-style-type: none"> 1. CD and Advisory Group approve plans 2. Advise province 3. Province issue Letters of Commitment 4. Provinces & Municipalities Issue tenders (Inc BBBEE + EPWP + CIDB) 	<ol style="list-style-type: none"> 1. Formal Stock Condition Reports 2. Formal Census 3. Final Budget and cash flow 4. Stabilisation Intervention 5. Displacement Plan 6. Decanting Facility 7. Non-qualifiers Plan 8. Research outsourcing options (Rental System, Facilities Management) 9. Advisory Group may choose pilots 	<ol style="list-style-type: none"> 1. Demolition 2. Rehabilitation 3. Refurbishment 4. Newbuild 5. Tenant 6. Regularisation 7. Monitoring & Evaluation 8. Advisory Group Visits – Pilots 9. Handover to Outsourced Facility Managers (where applicable) 10. Implement Cost-Recovery rentals 	<ol style="list-style-type: none"> 1. Ongoing work. 2. Monitoring and Evaluation 3. Showcase Pilots 4. Prepare Budgets for long-term maintenance 5. ND approve Long-term maintenance budgets 	<ol style="list-style-type: none"> 1. Provinces receive and disburse budget 2. Monitor Cost-recovery rental collections

7 MONITORING AND REPORTING ON THE PROGRAMME

- 7.1** The application form and reporting schedule in the Annexures serves as the monitoring and reporting templates for this programme and need to be completed on a quarterly basis.
- 7.2** No CRU programme funding may be disbursed unless the HSS system has been updated with the project information by the provinces.
- 7.3** The successful rollout of the capital works portion will determine the long-term maintenance portion to be implemented after 5 years.

8 ROLES AND RESPONSIBILITIES

8.1 National Department:

- a) Approval and maintenance of CRU Programme and Guidelines;
- b) Overall Communication Plan and Workshops and Roadshows of CRU Programme;
- c) Possible creation of a body of expertise (similar to TRG) to facilitate and support the CRU programme and ensure the necessary capacity is in place to manage the programme;
- d) Overall Oversight and reporting on the programme; and
- e) Consider a sub-programme that looks at Tenant Education.

8.2 Provincial Departments:

- a) Conducting of audit and confirmation of ownership;
- b) Communication with municipalities, residents associations and tenants;
- c) Consolidation of audits for province and municipalities and responsibility for application for funding;
- d) Letters of Commitment to funding and receipt and disbursement of funding from ND;
- e) Issuing of tenders for PD stock and support role for municipal stock;
- f) Adjudication and appointment of service providers for PD stock and support role for municipal stock. Look at EPWP, BBBEE, CIDB and NHBRC;
- g) Monitoring and Evaluation and Reporting;
- h) First-line support to municipalities;

- i) Management of Project Expenditure and deviations;
- j) Compilation of Budget for Long Term maintenance;
- k) Create Rental Tribunals with offices in municipalities; and
- l) Administration of the programme and funding.

8.3 Municipality:

- a) Conducting of audit and confirmation of ownership;
- b) Communication with residents associations and tenants (in conjunction with PD's);
- c) Complete applications for funding per project and submit to Province for consolidation;
- d) Receive Letters of Commitment to funding from PD's;
- e) Issuing of tenders for stock; and
- f) Adjudication and appointment of service providers. Look at EPWP, BBBEE, CIDB and NHBRC;
- g) Monitoring and Evaluation and Reporting;
- h) First-line support to residents associations;
- i) Management of Project Expenditure and deviations;
- j) Compilation of Budget for Long Term maintenance; and
- k) In conjunction with PD, set up rental Tribunals.

Community Rental Units Programme)

PART A Policy Framework

- 1 Policy Intention
- 2 Scope of the CRU Programme
- 3 Objectives of the CRU Programme
- 4 Principles of the CRU Programme
- 5 Target Market of the CRU Programme
- 6 Ownership of the Housing Stock
- 7 Management of the Housing Stock
- 8 Approach to the Housing Stock
- 9 Funding Arrangements for the CRU Programme
- 10 Special Circumstances and Conditions

Part B Programme Guidelines

- 1 Identifying the Relevant Housing Stock and its Condition
- 2 Application for Programme Funding
- 3 Disbursement of the Programme Funding
- 4 Project Management and Facilitation
- 5 Property Management
- 6 Programme Management Arrangements
- 7 Monitoring and Reporting on the Programme
- 8 Roles and Responsibilities

Part C Implementation Date

Part D Annexures



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

D ANNEXURES

DEFINITION OF TERMINOLOGY

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

1 Stabilisation -

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

2.1 Simple demolition -

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

2.2 Medium complex demolition -

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

2.3 Complex demolition -

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

3.1 Basic refurbishment (no upgrade) -

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

3.2 Upgrade refurbishment -

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

4.1 Hostel conversion -

- Alterations and additions to structure and layout to change from dormitories to self-contained units, incorporating simultaneous replacement, repair and re-decoration of existing structure, fittings and finishes as required
- **Dormitories -**
 - Typical hostel configurations consisting of small bed cubicles or communal sleeping halls sharing limited ablution, cooking and dining facilities
- **Self-contained units -**
 - Bachelor, single or multi-bedroom flats with self-contained cooking, dining and ablution facilities within the unit, and reasonably sized communal units (8-12 beds) with shared facilities within the unit

4.2 Simple conversion of existing inner city buildings -

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

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

4.3 Complex conversion of existing inner city buildings

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

5 New build infill on existing sites -

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

6 New build on greenfields sites -

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

- **Complete redevelopment of hostel complexes -**

- Changing dysfunctional hostel complexes into integrated communities through one or more of the following in combination:
 - i Demolition of complete complexes, or undesirable buildings within a complex
 - ii New build infill in open space, and/or to replace demolished complexes/buildings
 - iii Conversion from dormitories to self-contained units
 - iv Refurbishment of existing (with or without upgrade)

- **Long term capital maintenance -**

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

STABILISATION INTERVENTION (OPTION 1)

1.1 APPLICABILITY

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

Notes:

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

1.2 FEASIBILITY STUDY GUIDELINES

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

- Basic community facilitation involving communication of intent, and co-ordination of works activities only

- A quick scoping report (visual site survey) to compile a list of essential work to be done (Relevant municipal official(s) with help of architect, structural/civil and electrical engineer, construction and/or project manager)
- Cost estimates and cash-flows (Quantity Surveyor)

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

1.3 WORKS ACTIVITY OUTLINE

The Works comprise the following where applicable:

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

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

1.4 ESTIMATED PROJECT CAPITAL COST

Total Project Capital Cost comprises the following elements:

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

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

1.4.1 COST OF FEASIBILITY STUDIES

Includes for:

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

Fixed Cost: R80000

Additional Rate: R24.00/m²

1.4.2 COST OF WORKS

Includes for:

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

Rate: R260.00/m²

1.4.3 PROFESSIONAL FEES

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

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

Rate: R32.00/m²

1.5 EXAMPLE CALCULATION

Total floor area of buildings requiring stabilisation: (say 1000m²)

OPTION 1: STABILISATION

Cost element	Fixed cost	Floor area (m ²)	Rate R/m ²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION			N/A		
TENANT REGULARISATION			N/A		
TEMPORARY RELOCATION			N/A		
FEASIBILITY STUDIES	80000	1000	24	24000	104000
WORKS AND FEES:					
Works		1000	260	2600000	2600000
Professional fees		1000	32	32000	32000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				292000	292000
TOTAL PROJECT COST EXCLUDING VAT	80000			316000	396000

DEMOLITION AND SITE REHABILITATION (OPTION 2)

2.1 APPLICABILITY

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

Notes:

- Demolition, after assessment, is applied to existing facilities to remove buildings, structures and services (where applicable) that are derelict and unsafe, and which are no longer structurally or economically viable i.e. too costly and unpractical to maintain and/or repair, and to rehabilitate the site for use as open space, or in preparation for immediate or future infill newbuild
- Demolition results in loss of existing accommodation on a permanent and/or temporary basis. It requires therefore, extensive community facilitation, as well as providing for temporary or permanent relocation. For relocation under this option it is suggested that for permanent relocation the municipality could apply for the relocation grant as per the Informal Settlement Upgrading Programme. A rate is given below for temporary relocation where residents are accommodated elsewhere on or near the site and brought back again as redevelopment (infill, etc) is completed in phases

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

2.1 Simple demolition –

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

- No major rehabilitation of site required

2.2 Medium complex demolition –

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

2.3 Complex demolition –

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

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

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

2.2 FEASIBILITY STUDY GUIDELINES

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

- Physical condition survey to determine if structure and services can still be saved

- Financial viability study to determine if potential income is sufficient to warrant remedial work and/or continued maintenance expenses
- Cost estimates and cash-flows for the demolition work, community facilitation and permanent and/or temporary relocation

2.3 WORKS ACTIVITY OUTLINE

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

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

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

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

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

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

- Loosen and take off roof timbers, de-nail as necessary, and dispose
- Break out windows and dispose
- Take down doors and dispose
- Break out door frames and dispose
- Take down fittings and fixtures and dispose
- Break down infill/load-bearing walls on the different floor levels, from the top down, and remove rubble to approved dumping site
- Break up first floor slabs on load-bearing walls, and remove rubble to approved dumping site
- Break down ground floor walls and remove rubble to approved dumping site
- Break up ground floor slab, hard-core filling and foundation walls to required depth below ground level, and remove to approved dumping site
- Using remainder of filling under broken up floors to fill and compact portions of foundation and service trenches opened up
- Sealing off existing water supply pipes, electrical supply cables and soil drains below ground level
- Clearing site of all remaining rubble, and leaving clean and level

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

- Carry out community facilitation workshops
- Arrange and carry out temporary and/or permanent relocation of residents
- Obtain demolition permit if applicable
- Identify materials, components and fixtures with salvage value, decide on method of taking down and disposal (direct selling from site, auction or delivery to second-hand building materials dealer(s)). This usually applies (but not limited) to:
 - Roof sheets and tiles
 - Roof timbers
 - Windows

- Doors and frames
- Taps, traps and sanitary fittings
- Disconnect water and electrical supplies
- Erect all necessary temporary supports and stays, hoardings and fences, and chutes for removal of rubble from upper floors
- Loosen and take off roof sheets and/or tiles, clean and straighten as necessary, and dispose
- Take down ceilings where applicable and remove to dumping site
- Loosen and take off roof timbers, de-nail as necessary, and dispose
- Break out windows and dispose
- Take down doors and dispose
- Break out door frames and dispose
- Take down fittings and fixtures and dispose
- Break down infill/load-bearing walls on the different floor levels, from the top down, and remove rubble to approved dumping site
- Break down ground floor walls and remove rubble to approved dumping site
- Break down structural frame on the different floor levels from the top down, and remove rubble to approved dumping site
- Break up ground floor slab, hard-core filling and foundation walls to required depth below ground level, and remove to approved dumping site
- Using remainder of filling under broken up floors to fill and compact portions of foundation and service trenches opened up
- Sealing off existing water supply pipes, electrical supply cables and soil drains below ground level
- Clearing site of all remaining rubble, and leaving clean and level

2.4 ESTIMATED PROJECT CAPITAL COST

Total Project Capital Cost comprises the following elements:

- Cost of feasibility studies
- Cost of community facilitation

- Cost of temporary relocation
- Cost of works
- Professional fees

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

2.4.1 COST OF FEASIBILITY STUDIES

Includes for:

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

Fixed Cost: R120000

Additional Rate: R24.00/m²

2.4.2 COST OF COMMUNITY FACILITATION

Includes for:

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

Fixed Cost: R72000

Additional Rate: R16\m²

2.4.3 COST OF RELOCATION

Permanent relocation:

It is suggested the municipality applies for the relocation grant under the Informal Settlement Upgrading Programme (R600 per household?)

If the above not contemplated, the rate that could be used for permanent relocation is R27.00/m², which includes for:

- Loading and Transport
- Social services support
- Food support

Temporary relocation on or near the site:

Includes for:

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

Rate: R30.00/m²

2.4.4 COST OF WORKS

Cost of demolition and site rehabilitation includes for:

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

Cost of rubble removal to approved dumping sites includes for:

- Loading onto trucks by hand and/or mechanical loader, transportation to approved dumping site within a 30km radius, and fees payable at the dumping site (Up to R50/ton dumping fee allowed)

Rates:

- **Simple demolition: R260.00/m²**
- **Medium complex demolition: R380.00/m²**
- **Complex demolition: R460.00/m²**

2.4.5 PROFESSIONAL FEES

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

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

Rates:

- **Simple demolition: R32.00/m²**
- **Medium complex demolition: R46.00/m²**
- **Complex demolition: R56.00/m²**

2.5 EXAMPLE CALCULATIONS

Total floor area of buildings to be demolished: say 1000m²

OPTION 2.1 SIMPLE DEMOLITION					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION			N/A		
TEMPORARY RELOCATION		1000	30	30000	30000
FEASIBILITY STUDIES	120000	1000	24	24000	144000
WORKS AND FEES:					
Works		1000	260	260000	260000
Professional fees		1000	32	32000	32000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				292000	292000
TOTAL PROJECT COST EXCLUDING VAT	192000			362000	554000

OPTION 2.2 MEDIUM COMPLEX DEMOLITION					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION			N/A		
TEMPORARY RELOCATION		1000	30	30000	30000
FEASIBILITY STUDIES	120000	1000	24	24000	144000
WORKS AND FEES:					
Works		1000	380	380000	380000
Professional fees		1000	46	46000	46000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				426000	426000
TOTAL PROJECT COST EXCLUDING VAT	192000			496000	688000

OPTION 2.3 COMPLEX DEMOLITION					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION			N/A		
TEMPORARY RELOCATION		1000	30	30000	30000
FEASIBILITY STUDIES	120000	1000	24	24000	144000
WORKS AND FEES:					
Works		1000	460	460000	460000
Professional fees		1000	56	56000	56000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				516000	516000
TOTAL PROJECT COST EXCLUDING VAT	192000			586000	778000

REFURBISHMENT (OPTION 3)

3.1 APPLICABILITY

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

Notes:

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

3.1 Basic refurbishment (no upgrade) –

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

3.2 Upgrade refurbishment –

- Replacement, repair and redecoration of existing structure, finishes, fittings, structure and services as required to re-instate facility to its original state of functionality and habitability
 - No alterations and additions to structure and layout
 - Original specifications simultaneously upgraded (e.g. installation of carpets where there were only cement floors, cupboards where there were none to start with, etc.)
4. Basic refurbishment could be carried out while units remain occupied, provided there is good facilitation and co-ordination with residents
 5. Upgrade refurbishment could also be carried out while units are occupied, but with more disruption and co-ordination required
 6. If temporary accommodation is available on or near the site, temporary relocation may be a more practical option for both types of refurbishment

3.2 FEASIBILITY STUDY GUIDELINES

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

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

3.3 OUTLINE SCOPE OF WORKS

3.3.1 BASIC REFURBISHMENT (NO SPECIFICATION UPGRADE):

- Repair leaking and blocked sewers on site
- Repair leaking water pipes
- Repair/replace broken sanitary fittings
- Make electrical installation safe (repair/replace power sockets, light fittings, ensure no open live wiring, repair/install earth leakage/trip switches, etc)

- Repair electrical installation to ensure adequate light and power where needed
- Take minimum measures to ensure effective storm water disposal and prevent flooding and ponding around buildings (grading, open channels, stabilised earth berms or sand bag barriers)
- Clean site and remove rubble, excessive vegetation, etc that may pose hazards to health and safety
- Repair/supplement rubbish bins and refuse collection areas
- Improve security (repair fences and gates, repair/replace damaged entrance door locks and/or doors)
- Replace broken window panes
- Repair/replace and repaint damaged and rusting steel fire escape stairs, walkway and balcony balustrading and hand rails
- Repair damaged waterproofing to concrete roofs, etc
- Seal porous and leaking external walls
- Repair/reseal/replace damaged/leaking roof tiles and sheets
- Repair broken/malfunctioning lifts
- Open up, reinforce as necessary, and fill cracks, holes, pitted floor and wall surfaces, etc
- Strip/sand down/wire brush existing paint finishes, clean surfaces, prepare and apply new finishes
- Lift part or whole of floor finishes, clean surfaces, prepare and patch/apply new finishes if applicable
- Remove and replace defective parts of roofs and ceilings where applicable
- Repair/replace damaged/defective fascias, gutters and down pipes
- Service/repair/replace door locks, window furniture, fittings and fixtures as required
- Replace defective/damaged door locks and/or doors complete
- Break out and replace door frames if required, and make good walls and finishes
- Break out and replace window frames if required, and make good walls and finishes

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

3.3.2 FOR UPGRADE REFURBISHMENT – IN ADDITION TO 3.3.1 ABOVE

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

3.4 ESTIMATED PROJECT CAPITAL COST

Total Project Capital Cost comprises the following elements:

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

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

3.4.1 COST OF FEASIBILITY STUDIES

Includes for:

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

Fixed Cost: R220000

Additional Rate: R24.00/m²

3.4.2 COST OF COMMUNITY FACILITATION

Includes for:

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

Fixed Cost: R72000

Rate: R16.00/m²

3.4.3 COST OF RELOCATION

Permanent relocation:

It is suggested the municipality applies for the relocation grant under the Informal Settlement Upgrading Programme (R600 per household?)

If the above not contemplated, the rate that could be used for permanent relocation is R27.00/m², which includes for:

- Loading and Transport
- Social services support
- Food support

Temporary relocation on or near the site:

Includes for:

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

Rate: R30.00/m²

3.4.4 COST OF TENANT REGULARISATION

Includes for:

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

Rate: R21.00/m²

3.4.5 COST OF WORKS

Cost of refurbishment includes for:

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

Rates:

- **Basic refurbishment: R1840.00/m²**
- **Upgrade refurbishment: R2210.00/m²**

3.4.6 PROFESSIONAL FEES

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

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

Rates:

- **Basic refurbishment: R240.00/m²**
- **Upgrade refurbishment: R290.00/m²**

3.5 EXAMPLE CALCULATIONS

Total floor area of buildings to be refurbished: say 1000m²

OPTION 3.1: BASIC REFURBISHMENT					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION		1000	21	21000	21000
TEMPORARY RELOCATION		1000	30	30000	30000
FEASIBILITY STUDIES	220000	1000	24	24000	244000
WORKS AND FEES:					
Works		1000	1840	1840000	1840000
Professional fees		1000	240	240000	240000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				2080000	2080000
TOTAL PROJECT COST EXCLUDING VAT	292000			2171000	2463000

OPTION 3.2: UPGRADE REFURBISHMENT					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION		1000	21	21000	21000
TEMPORARY RELOCATION		1000	30	30000	30000
FEASIBILITY STUDIES	220000	1000	24	24000	244000
WORKS AND FEES:					
Works		1000	2210	2210000	2210000
Professional fees		1000	290	290000	290000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				2500000	2500000
TOTAL PROJECT COST EXCLUDING VAT	292000			2591000	2883000

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

4.1 APPLICABILITY

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

Notes:

1. Hostels:

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

Possible types of conversion:

- To “family” units (1, 2, 3 bedroom)
- To bedsitter/bachelor flats (1 or 2 beds)
- To communal units with shared facilities (max 12 bed)

2. Existing inner city buildings:

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

Possible types of conversion to bachelor, 1,2, 3 bedroom flats from:

- Office buildings
- Hotels and residential hotels
- Residences

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

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

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

- 4.1: Hostel conversion –
 - Alterations and additions to structure and layout to change from dormitories to self-contained units, incorporating simultaneous replacement, repair and re-decoration of existing structure, fittings and finishes as required
- Dormitories –
 - Typical hostel configurations consisting of small bed cubicles or communal sleeping halls sharing limited ablution, cooking and dining facilities
- Self-contained units –
 - Bachelor, single or multi-bedroom flats with self-contained cooking, dining and ablution facilities within the unit, and reasonably sized communal units (8-12 beds) with shared facilities within the unit
- 4.2: Simple conversion of existing inner city buildings –
 - Minor alterations and additions to structure, layout and services
 - Simultaneous rehabilitation of structure, finishes, fittings and services of existing parts not altered
 - Applies to existing residential buildings where each residential unit to be converted already has some individual wet service core, and the unit configuration is already modular (e.g. hotel suites with en-suite bathrooms and/or kitchenettes).
- 4.3: Complex conversion of existing inner city buildings
 - More extensive alterations and additions to structure, layout, fittings and services to effect complete change in configuration and use
 - Applies to buildings where there are only centralised existing wet cores (offices, hotels and residences with communal ablution facilities and central cooking and dining), and where the re-configuration may require more extensive structural alterations (e.g. demolition and re-positioning of walls

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

4. Although the original condition of a facility (poor/fair) has some influence on the cost of conversion, no distinction is made in the rates applicable to those options for the original condition. The problem is that in assessing original condition, the categorisation into poor or fair becomes to some extent a discretionary call, especially in marginal cases. Also conversion usually entails such an extent of removal and simultaneous rehabilitation of existing work, that the importance of the original condition is to a certain extent negated (except with regard to site services). The estimated capital cost rates given make provision therefore, for an average degree of remedial work to site services, but do not cover major or complete replacement of site services, which must be carried out by the municipality under another programme/funding arrangement.
5. Conversion results in loss of existing accommodation on a permanent and/or temporary basis. It requires therefore, extensive community facilitation, as well as providing for temporary or permanent relocation. For relocation under this option it is suggested that for permanent relocation the municipality could apply for the relocation grant as per the Informal Settlement Upgrading Programme. A rate is given below for temporary relocation where residents are accommodated elsewhere on or near the site and brought back again as redevelopment is completed in phases

4.2 FEASIBILITY STUDY GUIDELINES

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

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

4.3 OUTLINE SCOPE OF WORKS

4.3.1 THE WORK FOR HOSTEL CONVERSION COMPRISES

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

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

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

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

- Removal of fittings and pipe work in centralised ablutions and tea kitchens
- Re-positioning of walls as required for compartmentalisation into separate units in terms of new designs

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

4.4 ESTIMATED PROJECT CAPITAL COST

Total Project Capital Cost comprises the following elements:

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

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

4.4.1 COST OF FEASIBILITY STUDIES

Includes for:

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

Fixed Cost: R360000

Additional Rate: R24.00/m²

4.4.2 COST OF COMMUNITY FACILITATION

Includes for:

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

Fixed Cost: R72000

Additional Rate: R16.00/m²

4.4.3 COST OF RELOCATION

Permanent relocation:

It is suggested the municipality applies for the relocation grant under the Informal Settlement Upgrading Programme (R600 per household?)

If the above not contemplated, the rate that could be used for permanent relocation is R27.00/m², which includes for:

- Loading and Transport
- Social services support
- Food support

Temporary relocation on or near the site:

Includes for:

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

Rate: R30.00/m²

4.4.4 COST OF TENANT REGULARISATION

Includes for:

- Tenant audit to determine identity and legal status of tenants, who occupies units, occupation densities, affordability levels
- Preparing new leases and ensuring all tenants sign them, and tenant data files are updated

- Drawing up lists of tenants requiring “rightsizing” (cost of physical relocation elsewhere)

Rate: R21.00/m²

4.4.5 COST OF WORKS

Cost of conversion works includes for:

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

Rates:

- **Hostel conversion: R2840.00/m²**
- **Simple conversion of existing inner city buildings: R2120.00/m²**
- **Complex conversion of existing inner city buildings: R3170.00/m²**

4.4.6 PROFESSIONAL FEES

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

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

- Any of the above as principal agent, or alternatively a separate professional project manager

Rates:

- **Hostel conversion: R460.00/m²**
- **Simple conversion of existing inner city buildings: R340.00/m²**
- **Complex conversion of existing inner city buildings: R510.00/m²**

4.5 EXAMPLE CALCULATIONS

Total floor area of buildings to be converted: say 1000m²

OPTION 4.1: HOSTEL CONVERSION					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION		1000	21	21000	21000
TEMPORARY RELOCATION		1000	30	30000	30000
FEASIBILITY STUDIES	360000	1000	24	24000	384000
WORKS AND FEES:					
Works		1000	2840	2840000	2840000
Professional fees		1000	460	460000	460000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				3300000	3300000
TOTAL PROJECT COST EXCLUDING VAT	432000			3391000	3823000

OPTION 4.2: SIMPLE CONVERSION OF EXISTING INNER CITY BUILDINGS					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION		1000	21	21000	21000
TEMPORARY RELOCATION		1000	30	30000	30000
FEASIBILITY STUDIES	360000	1000	24	24000	384000
WORKS AND FEES:					
Works		1000	2120	2120000	2120000
Professional fees		1000	340	340000	340000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				2460000	2460000
TOTAL PROJECT COST EXCLUDING VAT	432000			2551000	2983000

OPTION 4.3: COMPLEX CONVERSION OF EXISTING INNER CITY BUILDINGS					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION		1000	21	21000	21000
TEMPORARY RELOCATION		1000	30	30000	30000
FEASIBILITY STUDIES	360000	1000	24	24000	384000
WORKS AND FEES:					
Works		1000	3170	3170000	3170000
Professional fees		1000	510	510000	510000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				3680000	3680000
TOTAL PROJECT COST EXCLUDING VAT	432000			3771000	4203000

NEW BUILD INFILL ON HOSTEL REDEVELOPMENT SITES (OPTION 5)**5.1 APPLICABILITY**

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

Notes:

1. New build infill on existing sites - New buildings with self-contained units in open space as part of hostel sites densification, or to replace demolished buildings. To achieve better site utilisation through densification (building in existing open spaces), or replacement of derelict parts of the facilities with new ones
2. Single storey – new single storey buildings with conventional pitched roofs (tiles or sheeting) on trusses, with a mix of self-contained units (bedsitters, 1, 2, 3 bedroom units and communal units with shared facilities)
3. Walk-ups - new buildings from 2 to maximum 4 storeys in height, with floor slabs on load-bearing masonry, and/or framed concrete structures with infill walls, conventional pitched roofs as above, with a mix of self-contained units (bedsitters, 1, 2, 3 bedroom units and communal units with shared facilities), and with the different levels connected by external stairs (no lifts)
4. Walk-ups on piled foundations – as 3 above, but buildings on piled foundations due to very poor founding conditions (excessive heaving clay, collapsible sands, etc)
5. It is assumed that newbuild infill will only apply to hostel redevelopment projects, and not on sites containing EEDBs or existing inner city buildings
6. It is possible that a local authority may consider the possibility of medium to high-rise new build projects in inner city areas. Rates for such buildings are influenced by too many variables depending on the actual height (special foundations, wind loadings, number and speed of lifts, fire safety measures) for it to be practical to give a standard rate. This option is therefore, not provided. Again If required it is

suggested that it be treated as a special case, and that funding is provided on the basis of specific cost estimates

5.2 FEASIBILITY STUDY GUIDELINES

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

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

5.3 OUTLINE SCOPE OF WORKS

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

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

5.4 ESTIMATED PROJECT CAPITAL COST

Total Project Capital Cost comprises the following elements:

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

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

5.4.1 COST OF FEASIBILITY STUDIES

Includes for:

- Costs and consulting fees for activities as per Feasibility Study Guidelines (5.2) above

Fixed Cost: R410000

Rate: R24.00/m²

5.4.2 COST OF COMMUNITY FACILITATION

Includes for:

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

Fixed Cost: R72000

Rate: R16.00/m²

5.4.3 TENANTING COST

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

Includes for:

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

Rate: R27.00/m²

5.4.4 COST OF WORKS

Cost of conversion works includes for:

- Contract preliminaries
- Cost of conversion work as per Outline Scope of Works (5.3) above
- Contract contingencies (5%)

- Allowance for building cost escalations during planning (9 months) and implementation (12 months) periods after date of application

Rates:

- **Single storey buildings: R3350.00/m²**
- **Walk-ups 2-4 storeys: R3910.00/m²**
- **Walk-ups 2-4 storeys on piled foundations: R4270.00/m²**

5.4.5 PROFESSIONAL FEES

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

Architect – project design, help with technical, procurement and contract documentation and process, supervision, advice on technical queries

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

Rates:

- **Single storey buildings: R536.00/m²**
- **Walk-ups 2-4 storeys: R626.00/m²**
- **Walk-ups 2-4 storeys on piled foundations: R683.00/m²**

5.5 EXAMPLE CALCULATIONS

Infill projects could consist of one on its own, or more of the 3 options in combination. In the example below it was assumed all 3 options appear on one site. This will rarely be the case. In most cases it will be one of the options on

its own, or a combination of two, namely single storey and walk-ups either with, or without piled foundations. Applicants fill out only the cost sheets that apply to a project, and leave the others blank. The summary sheet is linked to the individual option sheets and automatically provides a summation of the project total.

NB: The summary sheet is protected against alteration by the user. The user only fills out the relevant individual component option sheets applicable to this project, and the project totals on the summary sheet are created by the model through links between the sheets.

For the example say infill project comprises all 3 types of buildings on one site, total new building area of 3000m², made up as follows:

- **Total floor area of new single storey buildings: say 1000m²**
- **Total floor area on all levels of new 2-4storey walk-up buildings: say 1000m²**
- **Total floor area on all levels of new 2-4storey walk-up buildings with piled foundations: say 1000m²**

OPTION 5: NEWBUILD INFILL – SUMMARY SHEET				
Cost element	Costs- Option 5.1: Single storey (A)	Costs Option 5.2: Walk-ups: conventional foundations (B)	Costs- Option 5.3:Walk-ups: piled foundations (C)	Total costs - all building types (A+B+C)
COMMUNITY FACILITATION	88000	88000	88000	264000
TENANT REGULARISATION	n/a	n/a	n/a	N/A
TEMPORARY RELOCATION	n/a	n/a	n/a	N/A
FEASIBILITY STUDIES	434000	434000	434000	1302000
TENANTING COST	27000	27000	27000	81000
WORKS AND FEES:				
Works	3350000	3910000	4270000	11530000
Professional fees	536000	626000	683000	1845000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT	3886000	4536000	4953000	13375000
TOTAL PROJECT COST EXCLUDING VAT	4435000	5085000	5502000	15022000

COST SHEETS FOR DIFFERENT OPTIONS

- Total floor area of new single storey buildings: say 1000m²

OPTION 5.1: NEWBUILD INFILL – SINGLE STOREY					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION			n/a		n/a
TEMPORARY RELOCATION			n/a		n/a
FEASIBILITY STUDIES	410000	1000	24	24000	434000
TENANTING COST		1000	27	27000	27000
WORKS AND FEES:					
Works		1000	3350	3350000	3350000
Professional fees		1000	536	536000	536000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				3886000	3886000
TOTAL PROJECT COST EXCLUDING VAT	482000			3953000	4435000

- **Total floor area of new walk-up buildings with conventional foundations:
say 1000m²**

OPTION 5.2: NEWBUILD INFILL – 2-4 STOREY WALK-UPS WITH CONVENTIONAL FOUNDATIONS					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION			n/a		n/a
TEMPORARY RELOCATION			n/a		n/a
FEASIBILITY STUDIES	410000	1000	24	24000	434000
TENANTING COST		1000	27	27000	27000
WORKS AND FEES:					
Works		1000	3910	3910000	3910000
Professional fees		1000	626	626000	626000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				4536000	4536000
TOTAL PROJECT COST EXCLUDING VAT	482000			4603000	5085000

Total floor area of new walk-up buildings with piled foundations: say 1000m²

OPTION 5.3: NEWBUILD INFILL – 2-4 STOREY WALK-UPS WITH PILED FOUNDATIONS					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION			n/a		n/a
TEMPORARY RELOCATION			n/a		n/a
FEASIBILITY STUDIES	410000	1000	24	24000	434000
TENANTING COST		1000	27	27000	27000
WORKS AND FEES:					
Works		1000	4270	4270000	4270000
Professional fees		1000	683	683000	683000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				4953000	4953000
TOTAL PROJECT COST EXCLUDING VAT	482000			5020000	5502000

NEW BUILD – GREENFIELDS SITES (OPTION 6)

6.1 APPLICABILITY

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

Notes:

1. To provide a funding mechanism for municipalities to create new stock in integrated settlements where developers or other government programmes (e.g. project subsidy) are not adequately addressing the need. In this option it constitutes complete new builds to create municipal rental stock on greenfield sites, including for providing new service connections but not bulk infrastructure that is funded through infrastructure capital budgets, MIG, or other external sources of funding
2. Single storey – new single storey buildings with conventional pitched roofs (tiles or sheeting) on trusses, with a mix of self-contained units (bedsitters, 1, 2, 3 bedroom units and communal units with shared facilities)
3. Walk-ups - new buildings from 2 to maximum 4 storeys in height, with floor slabs on load-bearing masonry, and/or framed concrete structures with infill walls, conventional pitched roofs as above, with a mix of self-contained units (bedsitters, 1, 2, 3 bedroom units and communal units with shared facilities), and with the different levels connected by external stairs (no lifts)
4. Walk-ups on piled foundations – as 3 above, but buildings on piled foundations due to very poor founding conditions (excessive heaving clay, collapsible sands, etc)
5. It is possible that a local authority may consider the possibility of medium to high-rise new build projects in inner city areas. Rates for such buildings are influenced by too many variables depending on the actual height (special foundations, wind loadings, number and speed of lifts, fire safety measures) for it to be practical to

give a standard rate. This option is therefore, not provided. Again If required it is suggested that it be treated as a special case, and that funding is provided on the basis of specific cost estimates

6.2 FEASIBILITY STUDY GUIDELINES

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

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

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

- 1.1 Transfers and conveyancing (and related costs)
- 1.2 Town planning procedures and costs (establishment, re-zoning, bulk contributions, etc.), including EIAs
- 1.3 Municipal plan scrutiny fee

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

6.3 OUTLINE SCOPE OF WORKS

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

- Design development and technical documentation
- Building contract procurement – documentation and process
- Construction and contract administration
- Contract completion, handover and close-out

- Leasing, tenant training, and handing over units for occupation

6.4 ESTIMATED PROJECT CAPITAL COST

Total Project Capital Cost comprises the following elements:

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

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

6.4.1 COST OF FEASIBILITY STUDIES

Includes for:

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

Fixed Cost: R450000

Additional Rate: R24.00/m²

6.4.2 COST OF COMMUNITY FACILITATION

Includes for:

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

Fixed Cost: R72000

Additional Rate: R16.00/m²

6.4.3 TENANTING COST

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

Includes for:

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

Rate: R27.00/m²

6.4.4 COST OF WORKS**Cost of conversion works includes for:**

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

Note: The rates for greenfields newbuild are slightly higher than for infill new build due mainly to the fact that new site preparation, service connections, and access driveways are required

Rates:

- **Single storey buildings: R3580.00/m²**
- **Walk-ups f-4 storeys: R4140.00/m²**
- **Walk-ups 2-4 storeys on piled foundations: R4510.00/m²**

6.4.5 PROFESSIONAL FEES

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

- Architect – project design, help with technical, procurement and contract documentation and process, supervision, advice on technical queries
- Quantity surveyor – help with procurement and contract documentation and process, financial administration of the contract
- Civil/structural engineer – civil/structural design, help with technical, procurement and contract documentation and process, supervision, advice on technical queries

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

Rates:

- **Single storey buildings: R573.00/m²**
- **Walk-ups 2-4 storeys: R662.00/m²**
- **Walk-ups 2-4 storeys on piled foundations: R722.00/m²**

6.5 EXAMPLE CALCULATIONS

Greenfields projects could consist of one on its own, or more of the 3 options in combination. In the example below it was assumed all 3 options appear on one site. This will rarely be the case. In most cases it will be one of the options on its own, or a combination of two, namely single storey and walk-ups either with, or without piled foundations. Applicants fill out only the cost sheets that apply to a project, and leave the others blank. The summary sheet is linked to the individual option sheets and automatically provides a summation of the project total.

NB: The summary sheet is protected against alteration by the user. The user only fills out the relevant individual component option sheets applicable to this project, and the project totals on the summary sheet are created by the model through links between the sheets

For the example say infill project comprises all 3 types of buildings on one site, total new building area of 3000m², made up as follows:

- **Total floor area of new single storey buildings: say 1000m²**
- **Total floor area on all levels of new 2-4storey walk-up buildings: say 1000m²**
- **Total floor area on all levels of new 2-4storey walk-up buildings with piled foundations: say 1000m²**

OPTION 6: NEWBUILD GREENFIELDS – SUMMARY SHEET				
Cost element	Costs-Option 5.1: Single storey (A)	Costs-Option 5.2: Walk-ups: conventional foundations (B)	Costs-Option 5.3: Walk-ups: piled foundations (C)	Total costs - all building types (A+B+C)
COMMUNITY FACILITATION	88000	88000	88000	264000
TENANT REGULARISATION	n/a	n/a	n/a	N/A
TEMPORARY RELOCATION	n/a	n/a	n/a	N/A
FEASIBILITY STUDIES	474000	474000	474000	1422000
TENANTING COST	27000	27000	27000	81000
WORKS AND FEES:				
Works	3580000	4140000	4510000	12230000
Professional fees	573000	662000	722000	1957000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT	4153000	4802000	5232000	14187000
TOTAL PROJECT COST EXCLUDING VAT	4742000	5391000	5821000	15954000

COST SHEETS FOR DIFFERENT OPTIONS

Total floor area of new single storey buildings: say 1000m²

OPTION 6.1: NEWBUILD GREENFIELDS – SINGLE STOREY					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION			n/a		n/a
TEMPORARY RELOCATION			n/a		n/a
FEASIBILITY STUDIES	450000	1000	24	24000	474000
TENANTING COST		1000	27	27000	27000
WORKS AND FEES:					
Works		1000	3580	3580000	3580000
Professional fees		1000	573	573000	573000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				4153000	4153000
TOTAL PROJECT COST EXCLUDING VAT	522000			4220000	4742000

Total floor area of new walk-up buildings with conventional foundations: say 1000m²

OPTION 6.2: NEWBUILD GREENFIELDS – 2-4 STOREY WALK-UPS WITH CONVENTIONAL FOUNDATIONS					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION			n/a		n/a
TEMPORARY RELOCATION			n/a		n/a
FEASIBILITY STUDIES	450000	1000	24	24000	474000
TENANTING COST		1000	27	27000	27000
WORKS AND FEES:					
Works		1000	4140	4140000	4140000
Professional fees		1000	662	662000	662000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				4802000	4802000
TOTAL PROJECT COST EXCLUDING VAT	522000			4869000	5391000

Total floor area of new walk-up buildings with piled foundations: say 1000m²

OPTION 6.3: NEWBUILD GREENFIELDS – 2-4 STOREY WALK-UPS WITH PILED FOUNDATIONS					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION			n/a		n/a
TEMPORARY RELOCATION			n/a		n/a
FEASIBILITY STUDIES	450000	1000	24	24000	474000
TENANTING COST		1000	27	27000	27000
WORKS AND FEES:					
Works		1000	4510	4510000	4510000
Professional fees		1000	722	722000	722000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				5232000	5232000
TOTAL PROJECT COST EXCLUDING VAT	522000			5299000	5821000

COMPLETE RE-DEVELOPMENT (HOSTELS) (OPTION 7)

7.1 APPLICABILITY

RE/DEVELOPMENT OPTION	TYPE OF STOCK			
	Hostels – public and grey sectors	Balance of EEDBS (flats not transferred)	Post 1994 new public stock	Existing inner city buildings
7. Complete re-development				

To change mono-functional and isolated hostel complexes into integrated settlements with improved living environments, and improve site utilisation by means of selective demolition and rebuilding, new infill for densification, refurbishment and conversion in combinations guided by community needs (socio-economic studies) and urban design frameworks

7.2 FEASIBILITY STUDY GUIDELINES

Feasibility study guidelines are contained under each of the separate component options that can in combination make up this option

7.3 OUTLINE SCOPE OF WORKS

Outline scope of works are contained under each of the separate component options that can in combination make up this option

7.4 ESTIMATED PROJECT CAPITAL COST

Project capital costs are contained under each of the separate component options that can in combination make up this option

7.5 EXAMPLE CALCULATIONS

Redevelopment projects could consist of any of the following options in combination:

2. Demolition:
 - 2.1 Simple demolition
 - 2.2 Medium complex demolition

- 2.3 Complex demolition
- 3. Refurbishment:
 - 3.1 Basic refurbishment
 - 3.2 Upgrade refurbishment
- 4. Hostel conversion
- 5. Newbuild infill
 - 5.1 Single storey infill
 - 5.2 Walk-up infill on conventional foundations
 - 5.3 Walk-up infill on piled foundations

In the example below it was assumed all the options appear on one site. This will rarely be the case. Applicants fill out only the cost sheets that apply to a project, and leave the others blank. The summary sheet is linked to the individual option sheets and automatically provides a summation of the project total.

NB: The summary sheet is protected against alteration by the user. The user only fills out the relevant individual component option sheets applicable to this project, and the project totals on the summary sheet are created by the model through links between the sheets

For the example say the redevelopment project comprises all of the possible options on one site, total affected building area of 8000m², made up as follows:

- **Total floor area of simple buildings to be demolished: say 1000m²**
- **Total floor area of medium complex buildings to be demolished: say 1000m²**
- **Total floor area of complex buildings to be demolished: say 1000m²**
- **Total floor area of buildings to receive basic refurbishment: say 1000m²**
- **Total floor area of buildings to receive upgrade refurbishment: say 1000m²**
- **Total floor area of hostel buildings to be converted: say 1000m²**
- **Total floor area of new single storey infill buildings: say 1000m²**

- **Total floor area on all levels of new 2-storey walk-up infill buildings on conventional foundations: say 1000m²**
- **Total floor area on all levels of new 2-storey walk-up buildings with piled foundations: say 1000m²**

OPTION 7: COMPLETE HOSTEL REDEVELOPMENT – SUMMARY SHEET

Cost element	Costs- Option 2.1: Simple demolition (A)	Costs- Option 2.2: Medium complex demolit- ion (B)	Costs- Option 2.3: Complex demolit- ion (C)	Costs- Option 3.1: Basic refurb (D)	Costs – Option 3.2: Upgrade refurb (E)	Costs- Option 4.1: Hostel conversion (F)	Costs- Option 5.1: Single storey (G)	Costs-Option 5.2: Walk- ups: conventional foundations (H)	Costs- Option 5.3: Walk- ups: piled foundat- ions (I)	Total costs – all building types (A+B+C+D +E+F+ G+H+I)
COMMUNITY FACILITATION	88000	88000	88000	88000	88000	88000	88000	88000	88000	792000
TENANT REGULARISATION	n/a	n/a	n/a	21000	21000	21000	n/a	n/a	n/a	63000
TEMPORARY RELOCATION	30000	30000	30000	30000	30000	30000	n/a	n/a	n/a	180000
FEASIBILITY STUDIES	144000	144000	144000	244000	244000	384000	434000	434000	434000	2606000
TENANTING COST	n/a	n/a	n/a	n/a	n/a	n/a	27000	27000	27000	81000
WORKS AND FEES:										
Works	260000	380000	460000	1840000	2210000	2840000	3350000	3910000	4270000	
Professional fees	32000	46000	56000	240000	290000	460000	536000	626000	683000	
TOTAL COST OF WORKS AND FEES EXCLUDING	292000	426000	516000	2080000	2500000	3300000	3886000	4536000	4953000	22489000
TOTAL PROJECT COST EXCLUDING VAT	554000	688000	778000	2463000	2883000	3823000	4435000	5085000	5502000	26211000

COST SHEETS FOR INDIVIDUAL COMPONENT OPTIONS:

- **Total area of simple buildings to be demolished: say 1000 m²**

OPTION 2.1: SIMPLE DEMOLITION					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION			N/A		
TEMPORARY RELOCATION		1000	30	30000	30000
FEASIBILITY STUDIES	120000	1000	24	24000	144000
WORKS AND FEES:					
Works		1000	260	260000	260000
Professional fees		1000	32	32000	32000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				292000	292000
TOTAL PROJECT COST EXCLUDING VAT	192000			362000	554000

- **Total area of medium complex buildings to be demolished: say 1000 m²**

OPTION 2.2: MEDIUM COMPLEX DEMOLITION					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION			N/A		
TEMPORARY RELOCATION		1000	30	30000	30000
FEASIBILITY STUDIES	120000	1000	24	24000	144000
WORKS AND FEES:					
Works		1000	380	380000	380000
Professional fees		1000	46	46000	46000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				426000	426000
TOTAL PROJECT COST EXCLUDING VAT	192000			496000	688000

• **Total area of complex buildings to be demolished: say 1000 m²**

OPTION 2.3: COMPLEX DEMOLITION					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION			N/A		
TEMPORARY RELOCATION		1000	30	30000	30000
FEASIBILITY STUDIES	120000	1000	24	24000	144000
WORKS AND FEES:					
Works		1000	460	460000	460000
Professional fees		1000	56	56000	56000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				516000	516000
TOTAL PROJECT COST EXCLUDING VAT	192000			586000	778000

- **Total area of basic refurbishment: say 1000 m²**

OPTION 3.1: BASIC REFURBISHMENT					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION		1000	21	21000	21000
TEMPORARY RELOCATION		1000	30	30000	30000
FEASIBILITY STUDIES	220000	1000	24	24000	244000
WORKS AND FEES:					
Works		1000	1840	1840000	1840000
Professional fees		1000	240	240000	240000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				2080000	2080000
TOTAL PROJECT COST EXCLUDING VAT	292000			2171000	2463000

- **Total area of upgrade refurbishment: say 1000 m²**

OPTION 3.2: UPGRADE REFURBISHMENT					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION		1000	21	21000	21000
TEMPORARY RELOCATION		1000	30	30000	30000
FEASIBILITY STUDIES	220000	1000	24	24000	244000
WORKS AND FEES:					
Works		1000	2210	2210000	2210000
Professional fees		1000	290	290000	290000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				2500000	2500000
TOTAL PROJECT COST EXCLUDING VAT	292000			2591000	2883000

• Total area of hostel conversion: say 1000 m²

OPTION 4.1: HOSTEL CONVERSION					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION		1000	21	21000	21000
TEMPORARY RELOCATION		1000	30	30000	30000
FEASIBILITY STUDIES	360000	1000	24	24000	384000
WORKS AND FEES:					
Works		1000	2840	2840000	2840000
Professional fees		1000	460	460000	460000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				3300000	3300000
TOTAL PROJECT COST EXCLUDING VAT	432000			3391000	3823000

• **Total floor area of new single storey buildings: say 1000m²**

OPTION 5.1: NEWBUILD INFILL – SINGLE STOREY					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION			n/a		n/a
TEMPORARY RELOCATION			n/a		n/a
FEASIBILITY STUDIES	410000	1000	24	24000	434000
TENANTING COST		1000	27	27000	27000
WORKS AND FEES:					
Works		1000	3350	3350000	3350000
Professional fees		1000	536	536000	536000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				3886000	3886000
TOTAL PROJECT COST EXCLUDING VAT	482000			3953000	4435000

• Total floor area of new walk-up buildings with conventional foundations: say 1000m²

OPTION 5.2: NEWBUILD INFILL – 2-4 STOREY WALK-UPS WITH CONVENTIONAL FOUNDATIONS					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION			n/a		n/a
TEMPORARY RELOCATION			n/a		n/a
FEASIBILITY STUDIES	410000	1000	24	24000	434000
TENANTING COST		1000	27	27000	27000
WORKS AND FEES:					
Works		1000	3910	3910000	3910000
Professional fees		1000	626	626000	626000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				4536000	4536000
TOTAL PROJECT COST EXCLUDING VAT	482000			4603000	5085000

• **Total floor area of new walk-up buildings with piled foundations: say 1000m²**

OPTION 5.3: NEWBUILD INFILL – 2-4 STOREY WALK-UPS WITH PILED FOUNDATIONS					
Cost element	Fixed cost	Floor area (m²)	Rate R/m²	Variable Cost (Area x Rate) R	Total cost R
COMMUNITY FACILITATION	72000	1000	16	16000	88000
TENANT REGULARISATION			n/a		n/a
TEMPORARY RELOCATION			n/a		n/a
FEASIBILITY STUDIES	410000	1000	24	24000	434000
TENANTING COST		1000	27	27000	27000
WORKS AND FEES:					
Works		1000	4270	4270000	4270000
Professional fees		1000	683	683000	683000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT				4953000	4953000
TOTAL PROJECT COST EXCLUDING VAT	482000			5020000	5502000

LONG-TERM CAPITAL MAINTENANCE (OPTION 8)

8.1 APPLICABILITY

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

Notes:

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

8.2 FEASIBILITY STUDY GUIDELINES

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

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

8.3 OUTLINE SCOPE OF WORKS

Comprises the following where applicable:

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

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

8.4 ESTIMATED PROJECT CAPITAL COST

Total Project Capital Cost comprises the following elements:

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

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

NB: the rates below are valid for applications received up to end of July 2007. For all applications after that date, building cost inflation adjustments must be made, remembering that building cost inflation is substantially higher than CPI, etc (e.g. 18% from 2005 to 2006)

8.4.1 COST OF FEASIBILITY STUDIES

Includes for:

- Costs and consulting fees for activities as per Feasibility Study Guidelines (8.2) above

Rate: R64.00/m²

8.4.2 COST OF WORKS

Includes for:

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

Rate: R380.00/m²

8.4.3 PROFESSIONAL FEES

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

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

Rate: R46.00/m² (Approximately 12% of cost of works)

8.5 EXAMPLE CALCULATION

- Total floor area of buildings requiring capital maintenance: say 1000m²

OPTION 8: LONG-TERM CAPITAL MAINTENANCE (ALL BUILDING TYPES)			
Cost element	Floor area (m²)	Rate R/m²	Cost (Area x Rate) R
COMMUNITY FACILITATION		N/A	
TENANT REGULARISATION		N/A	
TEMPORARY DISLOCATION/ACCOMMODATION		N/A	
FEASIBILITY STUDIES	1000	64	64000
WORKS AND FEES:			
Works	1000	380	380000
Professional fees	1000	46	46000
TOTAL COST OF WORKS AND FEES EXCLUDING VAT			426000
TOTAL PROJECT COST EXCLUDING VAT			490000

CRU APPLICATION FORM OUTLINE

Project information

Project name

Project location

Provincial or municipal project?

Municipality

Contact person

Contact details

Project details

Size of total project property in m²:

Size of total buildings on project (currently) in m²:

No. of units/beds (currently):

No. of buildings (currently):

Redevelopment option (indicate):

Stabilisation

Redevelopment

Redevelop

Refurbish

Demolish & new build

Conversion

CRU Greenfields / new build

Long-term capital maintenance

Stock condition survey findings/overall rating: (attach survey)

Redevelopment proposal (attach feasibility with project details)

No. of units

No. of building

Total m² of units

Unit mix breakdown (including m² of units):

Project progress milestones breakdown

Milestone 1

Milestone 2

Milestone 3

Milestone 4

Project target market

Existing residents (y/n):

Total number of residents (currently):

Number to be accommodated in project (post-development):

%Male

%Female

%Children

%Singles

%Family

%Elderly

No. of tenants requiring rent relief assistance in the project:

Use of local contractors/ emerging contractors (y/n)? Complete profile of contractor/developer on HSS system

Use of EPWP tendering process? (y/n)

CRU funding requirements

Projected total project development cost (based on matrix in Rands):

(include detailed financial feasibility of project to justify this funding. Funding must exclude SCCA, geo-tech and disability allowances)

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

Milestone 1

Milestone 2

Milestone 3

Milestone 4

Risk management breakdown included in feasibility: (y/n)

MIG funding required (y/n)? Amount:

Geo-tech allowance (y/n)? Specify

SCCA allowance (y/n)? Specify

Disability allowance (y/n)? Specify

Projected operating budget for the project (incl. municipal/provincial commitment for funding the operating costs):

Breakdown of rentals per unit (based on rent setting formula):

Anticipated indigent support to the project (Rands, based on no. above):

Facilitation grant funding required (Rands):

Processing of CRU funding application

Provincial contact person:

Date of submission of application:

Date of approval of application:

Project start date:

Project end date:

Status of project:

MONITORING & EVALUATION REPORTING SCHEDULE OUTLINE

Project name
Project location
Contact person
Contact details
Project number:

Project management process reporting

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

Project developer:
Project owner:
Actual Contract value:
Project progress milestones reporting\
 Milestone 1
 Milestone 2
 Milestone 3
 Milestone 4

Project payment milestones reporting

 Milestone 1
 Milestone 2
 Milestone 3
 Milestone 4

Start date of project:
Completion date of project:
Occupation date of project (100% occupation):
Project status:
Property owner:
Management: - in-house / outsourced
If outsourced: Property management agent:

