

HOUSING SUBSIDY INFORMATION

The original document can be viewed online at:

<http://www.housing.gov.za/Content/Subsidy%20Information/Subsidies%20Home.htm>

If you are not sure what a subsidy is or how it works, the following information should give you a good idea of subsidies.

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Subsidy Basics

What is a Housing Subsidy?

A Government Housing Subsidy is a grant provided by the Government to qualifying beneficiaries for housing purposes. The Government does not give cash to beneficiaries. The grant is only used for the acquisition of housing goods and services for the provision of complete houses that comply with the minimum technical and environmental norms and standards.

Do I Qualify for a Housing Subsidy?

Applicants for the Housing Subsidy Scheme must meet the following qualifying criteria:

- **Married or Financial Dependants:** An applicant must be married or constantly be living together with any other person. A single person with proven financial dependants (such as children or family members) may also apply.
- **Residents:** An applicant must be a citizen of the Republic of South Africa, or be in the possession of a permanent resident permit.
- **Competent to Contract:** An applicant must be legally competent to contract (i.e. over 21 years of age, or married or divorced) and of sound mind.
- **Monthly Household Income:** An applicant's gross monthly household income must not exceed R3 500. Adequate proof of income must be submitted.
- **Not yet benefited from Government Funding:** An applicant or anyone else in the household must not have received previous housing benefits from the Government. Except in the following:
 - An applicant that qualifies for a [Consolidation Subsidy](#)
 - An applicant that qualifies for [Relocation Assistance](#)
 - Disabled persons

- **First time property owner:** An applicant may not own or has owned a house previously. Except for the following:
 - Disabled persons
 - Persons who:
 - own a vacant stand that was obtained through the Land Restitution Programme;
 - have purchased a house/site for the first time without Government assistance;
 - qualify for [relocation assistance](#); and
 - qualify for a [consolidation subsidy](#).

How much subsidy do I qualify for?

The following table outlines the housing subsidy amounts for the various housing subsidy mechanisms that qualifying beneficiaries in the different income categories can apply for:

Income category	subsidy AMOUNT	Contribution	Product price
R0 to R1 500	R23 100,00	R2 479,00	R25 580,00
R1 501 to R2 500	R14 200,00	R2 479,00 + shortfall	R25 580,00
R2 501 to R3 500	R7 800,00	R2 479,00 + shortfall	R25 580,00
Indigent: Aged, disabled & health stricken R0 to R800	R25 580,00	None	R25 580,00
Institutional subsidy R0 to R3 500	R23 100,00	Indirect - Institution must add capital	At least R25 580,00
Consolidation Sub: R0 to R1 500	R12 521,00	R2 479,00	R15 000,00
Consolidation Sub: for Indigent groups R0 to R800	R15 000,00	None	R15 000,00
Rural subsidies & PHP R0 to R1 500	R23 100,00	None	R23 100,00
R1 501 to R2 500	R14 200,00	Short fall	R23 100,00
R2 501 to R3 500	R 7 800,00	Short fall	R23 100,00

How do I apply for a Housing Subsidy?

No housing subsidy will be approved unless the applicant correctly completes the application form for each of the housing subsidy mechanisms which must then be submitted to the relevant Provincial Housing Department or Accredited Municipality.

The following documents, where applicable, must accompany the application form:

- A Certified Copy of:

- the page of the bar-coded R.S.A. identity document containing photograph of applicant and that of his/her spouse;
- the page of the bar-coded Permanent Residence Permit containing the photograph of the applicant and that of his/her spouse;
- a marriage certificate;
- a spouse's death certificate;
- a divorce settlement (if applicable);
- birth certificates of all dependants; and
- most recent pay slip [applicant and spouse].
- Agreement of Sale.
- Building Contract and Approved Building Plan.
- Sale of Land and House Building Support agreement i.r.o People's Housing Process (PHP) (if applicable).
- Proof of Disability.
- Proof of loan granted by lender (if applicable)
- Application for exemption for capital contribution (if applicable)

Where do I go from here?

In order to Apply for a Government Housing Policy, you need to contact the Housing Department in the province where you stay.

What documents will I need?

You do not pay any fee to apply for a Government-subsidised house. Visit your nearest Local Council with the following documents:

1. Your ID Book
2. Your spouse's ID Book (if any)
3. Birth certificates of dependants (children)
4. Proof of income if you are employed (applicant and/or spouse)

You can make copies of these documents and certify them at your nearest Police Station before visiting the Local Council

I am disabled, what now?

Disabled beneficiaries may receive special additions to their houses to enable them independent living in normal residential areas. These additions have been tailor made to accommodate the variety of special housing needs. Such special additions to houses entail concrete aprons and ramps to facilitate access to houses, special grab rails in bathrooms, kick plates to doors, visible doorbells and special access arrangements to toilets.

Contribution requirements

Housing Subsidy beneficiaries will be required to pay a financial contribution of R2 479,00 upfront to achieve access to the Housing Subsidy Programme. Alternatively beneficiaries will be required to participate in the building of their houses through an approved People's Housing Process Project.

In respect of **disabled and / or health stricken** beneficiaries earning up to R 800,00 a month, the requirement of a contribution does not apply and such

beneficiaries will be assisted through access to a subsidy amount equal to the product price as announced from time to time.

Beneficiaries classified as aged. Beneficiaries who attained the age of 65 in the case of a male beneficiary, and 60 in the case of a female beneficiary, (including beneficiaries that receive a social welfare grant from the State in respect of the aged (currently R620,00 pm)) and who do not earn an income of more than R800,00 per month, will be assisted in the form of an increased subsidy, to the amount of R25 580,00. In order to qualify for the increased subsidy, a beneficiary must submit proof of income received from a social welfare grant and/or any other source.

Assistance to the disabled. Beneficiaries with disabilities, who do not earn more than R800,00 per month and who will not be able to construct their own houses due to their specific disability, could apply for approval to receive an increased subsidy to the amount of R25 580,00, to afford them the opportunity to access a contractor-built house.

Proof of the relevant disability that warrants the special assistance measure, must be confirmed in the form of a certificate by a registered medical practitioner as well as proof of income. Beneficiaries that currently receive a State welfare grant, in respect of the disabled category as administered by the Department of Social Development, will be required to provide proof of their income from a welfare grant together with the medical certificate, as indicated.

Beneficiaries with health stricken problems. Beneficiaries with health stricken problems, who are permanently or temporarily unable to build their own houses and who earn not more than R800,00 per month, may also apply for approval to receive an increased subsidy of R25 580,00 to afford them access to contractor built houses.

Subsidy Types

Consolidation Subsidy

This housing subsidy mechanism has been designed to afford previous beneficiaries of serviced stands, financed by the previous housing dispensation [including the Independent Development Trust's site and service schemes], the opportunity to acquire houses. A top up subsidy of R15 000 to construct a house, is granted to beneficiaries with a household income not exceeding R1 500 per month.

Individual Subsidy

An individual subsidy provides qualifying beneficiaries with access to housing subsidies to acquire ownership of serviced stands and it allows the beneficiary to enter into house building contracts, or to purchase existing improved residential properties which are not part of approved housing subsidy projects.

This subsidy also helps qualifying beneficiaries, who wish to increase their subsidies by accessing credit, as well as beneficiaries who do not qualify for credit.

Project Linked Subsidy

This housing subsidy mechanism enables a qualifying household to access a complete residential unit, which is developed within an approved project linked housing subsidy project for ownership by the beneficiary.

Institutional Subsidy

The Institutional Subsidy is available to qualifying institutions to enable them to create affordable housing stock for persons who qualify for housing subsidies.

This housing subsidy mechanism provides R23 100 to qualifying beneficiaries whose monthly income may not exceed R3 500. The subsidy is paid to approved institutions to provide subsidised housing on deed of sale, rental or rent to buy options, on condition that the beneficiaries may not be compelled to pay the full purchase price and take transfer within the first four years of receipt of the subsidy.

Institutions must also invest capital from its own resources in the projects.

Relocation Assistance

Relocation assistance provides an alternative option to defaulting borrowers who were three months in arrears on 31 August 1997, and where the option of rehabilitating these mortgage loans is not affordable.

This alternative provides an opportunity to obtain affordable housing with the assistance of the housing subsidy.

A person who is eligible for relocation assistance is required to enter into a relocation agreement, so as to relocate to affordable housing.

Discount Benefit Scheme

The Discount Benefit Scheme promotes home ownership among tenants of State-financed rental stock, including formal housing and serviced sites. In terms of this Scheme, tenants receive a maximum discount of up to R7 500 on the selling price of the property. Where the discount amount equals or exceeds the purchase price or loan balance, the property is transferred free of any further capital charges.

Rural Subsidies

This housing subsidy is available to beneficiaries who only enjoy functional tenure rights to the land they occupy. This land belongs to the State and is governed by traditional authorities.

The subsidies are only available on a project basis and beneficiaries are supported by implementing agents. Beneficiaries also have the right to decide on how to use their subsidies either for service provision, on building of houses or a combination thereof.

People's Housing Process

The People's Housing Process aims to support households who wish to enhance their housing subsidies by building or organising the building of their own homes

themselves. This process is a method of accessing the Projects Linked, Project Linked Consolidation, Institutional, or Rural Subsidies as well as technical and other forms of assistance in the house building process.