

THE ASSOCIATION OF BUILDING SOCIETIES OF SOUTH AFRICA.REPLY TO QUESTIONNAIRE 'B' OF THE
COMMISSION OF INQUIRY INTO HOUSING MATTERS.1. RULING HIGH COSTS OF HOUSING:

- (a) In your opinion is the cost of housing immoderately high?

This question could only be answered meaningfully if a standard existed against which the present cost of housing could be measured, consequently it is not possible to say that the cost of housing is immoderately high. It may however, be relevant to record that relative to income, prospective homeowners are today experiencing greater difficulty than in the past in financing the acquisition of domestic property. In particular, borrowers are finding it more difficult to meet the usual building society requirement that monthly repayments should not normally exceed 25% of income.

- (b) If the answer to (a) is in the affirmative what in your opinion are the reasons therefor?

Notwithstanding the remarks contained in (a) above, the cost of housing is high, and this can be attributed to rises in both building and land costs.

High building costs have been caused by, inter alia:-

- (i) the continuing rate of inflation reflected by increases in material costs, for example, the cost of steel has risen by 82%, bricks by 89% and wood by 75% over the past five years;
- (ii) the high level of individuality required by home owners, which militates against savings which would flow from greater standardisation of design, construction and finish;
- (iii) the inadequacy of skilled labour in the home-building industry, which has led to excessively high wage demands; and
- (iv) the low level of productivity of unskilled workers due to inefficiency and the lack of effective training.

High land costs have been caused by, inter alia:-

- (i) the reluctance or inability of local authorities to implement the recommendations of the Niemand Commission regarding services for new townships;

- (ii) steeply escalating costs of township services, often as a result of the local authorities insisting on unnecessarily high standards in respect of, for example, water supplies (size of pipes), electricity supplies (costly underground cables instead of overhead cables merely for aesthetic reasons), roads (kerb-stones, stormwater drainage, quality of secondary streets, standard of tarring and finish);
- (iii) unnecessarily high standard of services required of developers which is sometimes higher than that provided by local authorities themselves;
- (iv) high interest rates on developers' bridging finance which have risen in the last five years from 10% to 14% p.a.;
- (v) inordinate delays in obtaining proclamation of townships;
- (vi) the practice of local authorities in levying rates and charges prior to the provision of services in respect of undeveloped land, which adds to the holding costs;
- (vii) the reluctance on the part of some local authorities to provide for smaller erven;
- (viii) speculation in township land;
and
- (ix) the demand for fully serviced erven on which dwellings can be erected frequently exceeding the available supply, thereby creating a seller's market.

High housing costs as a whole have also been influenced to varying degrees by:-

- (i) rates of commission paid to estate agents;
 - (ii) interest rates on housing finance, especially the need to resort to borrowing in the second bond market as a result of artificial restrictions inhibiting building societies from providing adequate first bonds;
 - (iii) incidental costs such as transfer duty and fees;
and
 - (iv) the profit margins sought by some builders.
- (c) Do minimum prescribed standards for dwelling units, for example a condition that certain types of building material are to be used, make a contribution to the high cost of housing?

Minimum prescribed standards do not contribute to the high cost of housing to any marked degree. Stipulations, for example, that tiled roofs must be used in a township will of necessity influence the end-cost of the house, but it is debatable whether such requirements should be prohibited. It should also be pointed out that

certain local authorities are reluctant to allow the erection of houses utilising industrialised building methods or non-conventional material, even where a suitable Agreement certificate has been obtained. Where used on a large scale, these methods and materials could possibly contribute to a reduction in building costs. As an example, the Borough of New Germany in Natal, refuse to approve plans where the Rhino-Drywall system of partitioning is used despite an estimated saving of R500 per house.

- (d) Are there any building regulations or other conditions, for example, prescribed sizes of rooms, etc., which may influence cost of a dwelling unit? Please specify:

There are indeed building regulations which influence housing costs, for example, minimum sizes and ceiling heights of habitable rooms as laid down by certain municipal by-laws. (In Bronkhorst-spruit a minimum ceiling height of 9ft. is required.) Regulations also vary in regard to foundations and walls, fire proofing and drainage. It is queried whether any good purpose is served by fixing unrealistic building lines on side and back boundaries as opposed to street boundaries.

- (e) Would uniform national building regulations (e.g. the proposed SABS National Building Regulations) result in a reduction in housing costs?

Some saving in costs would result from the acceptance of uniform building regulations provided they are drawn up by a recognised body such as the NBRI and made binding on all local authorities. Care would have to be exercised however, to ensure that such regulations were not made unnecessarily onerous in attempting to provide for eventualities which might never occur. There would be merit in drawing up these regulations on a regional basis to take account of different climatic conditions.

- (f) (a) Do you consider the dwelling units erected out of funds other than the National Housing Fund as being too luxurious in general, e.g. conditions with respect of space, luxury fittings or materials and labour intensive activities?
(b) If so, in which respects
and
(c) What do you recommend to prevent this in future?

In the absence of a meaningful yardstick with which to measure "luxury", it is not possible to reply directly to this question. Standards of housing differ widely depending on the circumstances of the owner and the character of the relevant township, and in our opinion it would not be reasonable or practicable to regulate the position in any way. Whilst the quality of present day accommodation may in some respects be higher than a decade ago, this is largely attributable to better utilisation of space and more economical use of materials so as to reduce maintenance expenditure.

It should also be pointed out that items such as built-in cupboards and wall-tiling cannot be viewed as "luxuries", as the former save space and are less expensive than the purchase of additional furniture, while the latter make for lower maintenance costs and long term economies.

2. LAND FOR TOWNSHIP DEVELOPMENT:

(a) to (h): see Annexure 'A'.

(i) Do you think that private developers are able to turn raw land into building plots quick enough? If not, please state reasons:

It is not possible for private developers to act expeditiously in this regard due to the long delays experienced with the proclamation of townships, usually as a result of protracted formalities which have to be complied with to satisfy the requirements of the local and provincial authorities.

(j) (i) Do you find that the proclamation and/or development of a new township contributes to either higher building costs or especially more expensive services, where there is undeveloped land between the existing and the new areas (so-called leap-frogging)?

(ii) If so, to what extent?

In all probability this is so, but member societies have no direct experience on which to base an estimate of the extent thereof.

3. BUILDING SOCIETIES:

(a) Do you think that more development companies should be established by building societies? If so, please motivate:

These companies are undoubtedly making a substantial contribution towards relieving the housing shortage and are fulfilling the important function of providing housing at reasonable cost for the lower to middle income groups. It is therefore

recommended that, in view of the erosion in the value of money since societies were first granted the power to invest in the shares of development companies, their activities be extended by permitting any society to invest up to 2% of the total amount owing to it on mortgages at the close of the preceding financial year, subject to a maximum share capital investment of R10m. Alternatively, it is recommended that the present limits laid down by Statute be increased by at least 50%.

The Association would also like to point out that the present ban on the sale of vacant stands, other than to an individual who undertakes to build a house for his own occupation, is an unreasonable restraint because this condition precludes sales to building contractors. The Minister of Finance could impose conditions which would effectively prevent a builder/purchaser speculating in unimproved land. In addition, the maximum number of sales to any one builder could be limited, thereby ensuring healthy competition in any given area. It is strongly recommended that this restriction be relaxed.

- (b) Do you think that companies in (a) should operate in Coloured and Indian areas? Please motivate with regard to availability of building sites, demand by members of the self-help group (i.e. those who earn more than R400 per month) for building sites and other factors concerned, e.g. the fact that such companies are disqualified according to the Group Areas Act No.36 of 1966:

The present ban on those companies, which are controlled by the White group, from operating within other group areas should be lifted so as to enable them to contribute to the provision of housing within those areas. The entry of these companies into this field can only be beneficial to the groups concerned. As an example, there is a strong demand for houses for Indian families in Durban and the surrounding areas. It is felt that the competition which would be created by the entry of societies' development companies into these fields of activity would reduce exploitation by the few members of the qualifying group who have the necessary capital and expertise to deal in township development. At the same time, the supply of good quality housing could be increased.

It is accepted that societies' development companies cannot own land in townships reserved for other groups, but they could build on land owned by local authorities or the Department of Community Development, the houses to be sold at a price fixed by the company and the owner of the land.

(c) (i) Do you consider the present amount of R18 000 as maximum loan limit within which building societies may grant loans for 75% of its capital means, as realistic?

(ii) If not, which new limit do you propose?

In the first place it should be pointed out that since this questionnaire was prepared, only 70% and not 75% of societies available funds have to be invested in housing loans not exceeding R18 000.

The Association is unanimous in its view that the present limit is in principle unnecessary and in any event unrealistically low. Its representations in this regard were the subject of a lengthy letter addressed to the Registrar of Financial Institutions on the 22nd January 1976. Without re-stating these in detail, it is recommended that if such a limit is imposed, it should be fixed annually by the Minister of Finance after consultation with the Association of Building Societies.

(d) Ought interest rates to be determined on sliding scales, depending upon size of loan, or not? Please motivate your answer:

On the assumption that the reference to sliding scales means, in fact, differential rates, the Association points out that such a system is currently in operation. Building Societies have in general accepted the present formula as a means of curbing the demand for housing in the higher priced categories but they are opposed in principle to the imposition by Regulation of any control on their lending operations.

4. ERF SIZES AND ERF PRICES:

(a) See Annexure 'B'

(b) What are the different erf prices per m² according to erf sizes indicated in (a)?

It is assumed that the prices referred to are selling prices. A meaningful answer cannot, however, be given in this connection as the prices vary according to situation, the time-lag after proclamation and the cost of providing services. As an example, a stand sold in Potchefstroom in 1971 fetched R4 300 compared with a similar stand in Durbanville which sold for R6 000.

- (c) Did you prescribe a minimum or maximum erf size?
Please give details:

Societies' township development companies are obliged to abide by the stand sizes laid down by municipalities and town councils, which hinders their efforts towards promoting smaller stands and the more intensive use of ground.

- (d) Which minimum erf sizes do you propose?

For conventional stands the Association would propose a minimum size of 700m² but less for cluster and group housing units erected for sale in terms of the Sectional Titles Act.

- (e) Does popularity of environment contribute to higher erf prices? If so, to what extent? (Your answer may be given in percentage):

Due to normal market influences, popularity of environment contributes to higher erf prices to a considerable extent, but this again will vary from locality to locality, due in the main to ease of access, to availability of transport, schools, shops, and other services and to climatic conditions. It is also true that prices tend to be higher in so-called "prestige" suburbs. It is impossible to estimate a realistic percentage in this regard.

- (f) What was the rising tendency in erf prices in townships developed by your Company? Please give erf prices annually since 1971 according to every township, e.g. Lynnwood Extension 3:- 1971 - R7 000; 1972 - R10 000 etc. for comparable erven:

Holding costs caused by delays in township proclamation procedures have the effect of increasing erf prices progressively and, with the compounded cost of finance (interest at 12%) and rates and taxes (often 3%), the stand-in cost of an erf could on this basis double in less than five years. Here again, the question of supply and demand is a big factor. While in some areas there has been no substantial appreciation in selling prices over two to four years, on average, increases of between 5% and 10% p.a. are not uncommon.

5. SERVICES:

- (a) What are the present costs of full services, i.e. roads, sewerage, electricity, water supply and stormwater drainage, expressed as a percentage of the price of the undeveloped land?

The cost of full services as a percentage of the price of undeveloped land is on average 200%. (See Annexure 'C').

- (b) What was the rise of the different services since 1971 (as percentage)? Please specify separately with regard to roads, sewerage, electricity, water supply and stormwater drainage:

The following approximations are supplied:-

Roads	- 100%
Sewerage	- up to 200%
Water	- 100%
Electricity	- 100%
Stormwater drainage	- up to 100%

- (c) According to you, to what extent did the accepted recommendations of the Niemand Commission succeed in controlling erf prices? Please motivate your answer taking the following into account:-

- (i) Is the present division of responsibility for the provision of services to new townships realistic, or not? Please specify:

As a general statement the present division of responsibility is felt to be realistic.

- (ii) Does the financing of trade services present any difficulties?

Societies' development companies have experienced no special difficulties, but local authorities frequently lack the necessary funds, usually due to State Treasury controls.

- (iii) Are the present endowment levies realistic or ought they to be reviewed?

Opinions differ as to whether the present endowment levies are realistic. It could be argued, for instance, that the payment of such levies is wrong in principle because it leads to an increase in stand prices and has the effect of a relatively small group of home owners paying for something which benefits a whole community at a later stage.

An alternative would be for the local authority to establish a fund for endowment services, to which all home-owners would contribute a monthly/quarterly/annual levy as long as they remained members of that community.

- (iv) Does the method of the provision of guarantees by township developers operate satisfactorily with respect to services?

The provision of guarantees by township developers functions satisfactorily.

- (v) Ought endowment levies to be adjusted with regard to Bantu residential areas?

Endowment levies in respect of Bantu residential areas have tended to be abolished recently and, for the reasons set out in (iii) above, it is felt that they are wrong in principle and that they should not be re-introduced.

- (vi) Does the present practice that new townships must be fully provided with services before they may be developed, contribute to the present high inflation rate?

The development of a township can only commence when essential services such as water, sewerage and electricity have been supplied, but building should not be delayed where non-essentials such as the tarring of roads and side-walks, the provision of kerbing, etc., have yet to be provided, as this only causes unnecessary delays and consequent escalation in costs.

- (vii) Would uniform criteria or standards for necessary services in new townships in principle result in considerable saving of costs?

If so, do you think that only one norm or a variety of norms for different income groups would be the most desirable?

We are of the opinion that uniform criteria would save costs and that there should be one norm for all income groups.

- (viii) Do any delays occur with respect to the provision of trade and other necessary services? If so, are delays justified? (Please motivate):

Delays do occur where the services are provided by local authorities. These are not justified because local authorities should be aware of the requirements for their areas well in advance. The reasons given for delays are almost invariably lack of finance and/or manpower, which could in a number of cases be avoided.

- (d) What do you propose in order to withstand the rising tendency of erf prices? Please motivate fully:

The following proposals are put forward:-

- (i) Streamline township proclamation procedures thereby reducing holding costs and the end price to purchasers and eliminating the artificial shortages of building stands.
- (ii) Allow smaller sub-divisions both in respect of new and existing townships.
- (iii) Discourage speculation in vacant stands, possibly by imposing a tax on profits.
- (iv) Eliminate the practice of levying rates before the necessary services are provided and stands can be built on.

As a general observation, it is felt that there is much merit in the practice, (e.g. as in the Cape) of issuing need and desirability certificates in respect of new townships. If all local authorities were to adopt this policy, it would provide a means of regula-

ting new township development and thereby obviating excessive holding costs incurred when land is acquired for sub-division in advance and in excess of current demand.

- (e) In the event of it being decided that only the Central Government, the Province and the local authority may establish new townships and should you feel that it would be practically possible to manage the matter thus, do you foresee that it would restrain the rise in erf prices?

The Association would prefer to see the establishment of townships left in the hands of private enterprise as far as is possible, as there is no evidence to suggest that local authorities can perform this function more cheaply. To leave it entirely in the hands of the State, the Province and the local authority could also lead to a monopolistic situation due to lack of competition. It should also be pointed out that some local authorities have come to regard the development of stands as a source of income and there have been several instances where auction prices have been grossly inflated through insufficient erven being released to satisfy more than a small part of the demand.

(Bloemfontein is an example where this has occurred.)

6. ASSESSMENT RATES:

- (a) Do you think that rates and taxes based only on land values result in inflation insofar that it encourages the demolition of buildings, especially blocks of flats which are still fully tenable?

The Association does not believe that this is the case. The basing of rates on improvements tends to inhibit the more productive use of land. The charging of rates on land values also promotes the development of vacant land.

- (b) Does rezoning result in inflation in that an entrepreneur finds it more profitable to demolish the existing buildings after rezoning and/or to erect other types of buildings or higher ones?

Rezoning results primarily from the needs of the community and is not considered to be an inflationary factor of any consequence in that it promotes the more efficient use of ground.

- (c)(i) What are the nature and extent of levies on services in your townships?

Where societies' own companies have developed townships themselves they have also paid for the installation of services such as sewerage, water and electricity, but they are required to pay a

levy on unsold erven when the municipality takes over. In Durbanville, for example, the levy for sewerage and electricity is R12 per month and in Brackenfell R6 per month for sewerage.

(ii) How do they compare with the costs of the services?

The amount of the levies differ, but they could be as much as 7% of the costs of the services which is considered significant.

7. HIGHER DENSITY:

(a) Is higher density, i.e. cluster housing, group housing, etc. permitted in your townships?

It is only recently that the concept of high density housing has become acceptable and provided town planning schemes permit, those societies who own townships will most certainly encourage this type of development.

(b) If so, how is it controlled?

Density is controlled by the developers' right to restrict the number of units per hectare.

(c) Did it require any amendment of building regulations and to what extent? (Please specify):

Amendment of building regulations was not necessary.

(d) Is higher density encouraged? If so, in what way?

Yes, development companies provide sites for higher density where this is permitted.

(e) To what extent are such schemes erected in your townships? State the number of such dwelling units erected since 1971:

To date, no high density schemes have been undertaken by societies' development companies, but several are in various stages of planning. Greater density has also been achieved by individual sites in townships being reduced in size.

(f) What is the reaction of the inhabitants thereon?

Members of the Association at present have no experience on which to formulate a reply to this question.

8. SECTIONAL TITLES ACT, 1971:

(a) In your opinion, does this Act operate satisfactorily? Please motivate:

Purely as developers, societies are not in a position to reply to this question. In general terms, the Association is of the opinion that the Act is working satisfactorily, but it understands that a number of procedural difficulties will be the subject of

evidence submitted by other bodies which have undertaken a detailed study of these problems.

Regrettably, to date, many sectional title developments have been aimed at the top end of the market and have not enabled building societies to finance home ownership for the lower to middle income groups.

(b) Do you want to make any proposals?

- (i) As town planning schemes stand at present, a Sectional Title development can only be erected on a general residential erf or on an erf enjoying the requisite special zoning, the cost of which is considerably higher than for a normal erf. The objective of producing good quality housing units at a lower price than conventional housing is consequently not being achieved. It is therefore recommended that zoning requirements in established townships be relaxed to permit Sectional Title developments which would eliminate this high cost factor.
- (ii) The Act should be amended to allow for the so-called "phased developments" which are at present unattractive to mortgagees because of restrictions placed on sales of units before the full development has been completed.
- (iii) Both the appointment of auditors and financial reporting by the body corporate should be made compulsory in terms of the Act.

(c) Does the provision in the Act with regard to communal open spaces present any difficulties to you? If so, to what extent?

Member societies of the Association have little practical experience on which to base any comment in this regard.

9. OTHER MATTERS OF CONCERN:

Please mention any matter which you consider to be important in order to promote the provision of housing and to reduce the costs thereof:

The Association has no other specific comments to make but sincerely hopes that the replies furnished to the Questionnaire will be of assistance to the Commission in completing its findings. Representatives will be pleased to elaborate on the above submissions by means of oral evidence should this be necessary.

D.G.ALSTON.
Director.

March, 1976.

ANNEXURE A TO ASSOCIATIONS' REPLY TO QUESTIONNAIRE B OF THE COMMISSION OF ENQUIRY INTO HOUSING MATTERS.

(2) LAND FOR TOWNSHIP DEVELOPMENT (a) Does your institution own undeveloped land for township development. If so what is the total area (in hectares) of this?

UNITED	S.A.PERMANENT	ALLIED	NATAL	SAAMBOU-NATIONAL	SOUTHERN
135,4109 hectare	+ 100 hectare in 5 areas	NO	(1) Pietermaritzburg 19,4899 ha (2) Boksburg (Ravenswood) 8,3208 ha (3) Boksburg (Dawnpark) 45,3905 ha (4) Randburg 12,8891 ha (5) Roodepoort 33,7538 ha	(1) Potchefstroom 50,75 ha (2) Klerksdorp 30,00 ha (3) Verwoerdburg 8,56 ha	2,5696 ha

(b) For approximately how long has the land been in such possession?

about 3 years	On average from the beginning of 1974	N/A	(1) Pietermaritzburg Sept.1971 (2) Boksburg (Ravenswood) Sept.1973 (3) Boksburg (Dawnpark) April 1974 (4) Randburg June 1971 (5) Roodepoort November 1974	(1) Potchefstroom July 1969 (2) Klerksdorp December 1969 (3) Verwoerdburg August 1974	3 years
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(c) Please indicate how far township establishment/town development has progressed on this land and what the prospects are?

Eight township applications are in various stages of consideration. The proclamation of the first township is anticipated in July 1977. There is no development as yet.	2 developments - services by mid 1976 1 development - services not available 1 development - application to Townships Board 1 development - proclaimed and serviced	N/A	(1) L/A will not consider application till services are available. (2) Approval in principle awaited from Director of Local government. (3) Application withheld pending major proposed road. (4) Draft conditions of establishment awaited (5) Prospects uncertain as property affected by P.W.V. road proposals.	(1) Provisional establishment conditions obtained mid - 1975 No indication of final proclamation due to official delays. (2) Proclamation obtained and services provided save for electricity which is being installed by the Municipality. (3) Application submitted in August 1974 and only approved by Municipality at the end of 1975.	Township establishment well advanced and proclamation is expected during the next 6 months.
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(d) Did any delays occur in the release of Building Sites? Please specify.

Yes - no townships have yet been proclaimed and development has accordingly been suspended.	The delays in township proclamations are considered to be excessive.	N/A	In the Transvaal some land is affected by PWV proposals. Proclamation procedures also involve delays, as well as the inability of Municipalities to provide services timeously. A general plan in Natal can take up to five months to approve. Too many departments of central and Provincial Government are involved in the processing of township applications, and delays of up to 6 months can occur before approval.	Municipalities requested (1) postponement to consult with Provincial administration over road system. The delay has caused a shortage of erven. (2) Municipality's installation of electricity is slower than services provided by the developer. (3) Municipality not in a position provide services and now require developer to make loans available for infrastructure.	N/A
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(e) What is the average lapse of time between the first application for the use of land for building purposes and the release of building sites?

About 4 years is anticipated	Average 3 years	N/A	Natal 2; to 3 years Transvaal 5 years.	Cape 3 years Transvaal 5 years and more	N/A
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(f) Do you think that the cost of land in your possession has increased as a result of delays or any other reasons? Please specify.

Yes, holding costs must be recovered from selling prices. There are proclamation delays and some land has been frozen due to PWV Road Consortium proposals.	Yes because of delays on behalf of the Roads Department and Local Authorities.	N/A	Yes, holding costs, assessment rates and other charges can result in land purchased at R100 000 increasing to R136 000 after 3 years.	Yes, holding cost increase the end price and the provision of services is becoming progressively more expensive.	Yes, as a result of development cost and normal appreciation of land values.
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(g)(i) How many building plots have been made available since 1/1/71 by your development company, and (ii) at what prices per square metro, (iii) how many of the building plots were developed in this period?

(i) 1657 (ii) Average R5 per sq. metre (iii) 1000	(i) 500 (ii) No sales of vacant plots (iii) 000 (incl. plots on hand)	(i) 213 (purchased by Dev. Co.) (ii) and (iii) 1971 - R2,46 per sq.m - 15 1972 - R3,37 " - 49 1973 - R2,88 " - 41 1974 - R0,81 " - 63 1975 - R2,88 " - 41	(i) 1350 (ii) Figure varies and would be misleading. (iii) 1971 - Nil 1972 - 21 1973 - 25 1974 - 75 1975 - 144	(i) 1775 in 16 areas (ii) Figure varies and would be misleading. (iii) 1971 - 269 1972 - 262 1973 - 237 1974 - 96 1975 - 202	N/A
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(h)(i) How many building plots do you have available for immediate development and (ii) how many would you release annually for the next five years?

(i) 65 (ii) 500	(i) 572 (ii) 200 to 300	(i) 48 (ii) Not able to say	(i) 550 (ii) As many as possible	(i) 651 (ii) 80 on average	N/A
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ANNEXURE B TO ASSOCIATION'S REPLY TO QUESTIONNAIRE B OF THE COMMISSION OF ENQUIRY INTO HOUSING MATTERS

(4) (a) What are the sizes of residential sites in your township?

	UNITED	S.A.PERMANENT	ALLIED	NATAL	SAAMBOU-NATIONAL	SOUTHERN
(i) Smaller than 500m ²	195 (S/T development)	Insignificant	Nil	} Vary from 700m ² to 20 000m ² average size in 801m ² to 1000m ² range	5	} Between 801m ² and 1000m ² and bigger than 1000m ²
(ii) Between 501m ² x 600m ²	222	Nil	Nil		65	
(iii) Between 601m ² x 1000m ²	266	+ 90% of all stands	} Average 1054m ²		422	
(iv) Bigger than 1000m ²	298	+ 10% of all stands			168	

ANNEXURE C TO ASSOCIATION'S REPLY TO QUESTIONNAIRE B OF THE COMMISSION OF ENQUIRY INTO HOUSING MATTERS

(5) (a) What are the present costs of full services, i.e., roads, sewerage, electricity, water supply and stormwater drainage, expressed as a percentage of the price of the undeveloped land?

			<u>Cost</u>	<u>% to selling price</u>
A. Selling price			R9 000	
B. Purchase cost of land (including transfer and legal)		R 2 000	R2 000	22%
C. Essential services costs:-				
Water	R 200			
Sewerage	R 500			
Electricity	R1 200	R 1 900		21%
D. Cost of roads and stormwater		R 1 600		39%
E. Survey costs :-		R 120		
F. Endowment costs :-				
Education (5% of S.P.)	R 450			
L/A (7% of S.P.)	R 270	R 720	R6 340	
G. Profit (excluding holding costs)			R2 660	30%

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