

# REAHOLA COMPLEX

2017/01/11

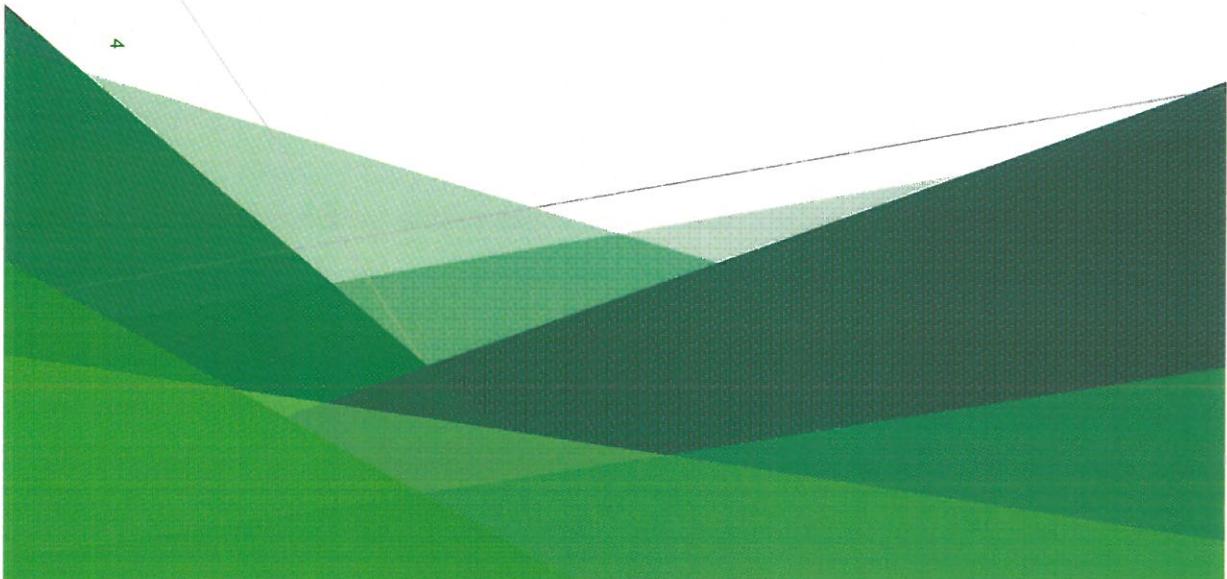
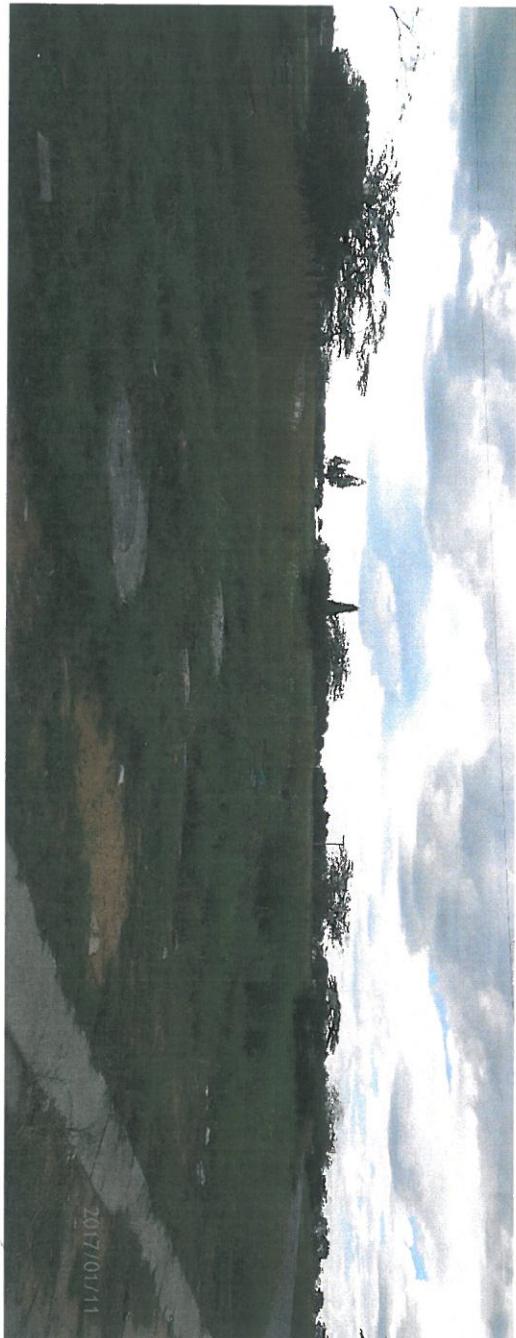
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  - ADMINISTRATORS REPORT AS SUBMITTED TO THE FREE STATE HIGH COURT,BLOEMFONTEIN DATED 30 JULY 2015
- MATJHABENG OUTSTANDING ACCOUNT DOCUMENT

## **BACKGROUND**

- ▼ Reahola Complex (the "Complex") is situated in the Free State Province in Welkom and has been developed into a social housing residential Complex consisting of 2 stands (Stand 10731 and Stand 10729) with 405 units in total. The Complex is registered as a sectional title scheme on a single piece of land. The Complex was originally owned by Anglo Gold, a mining company which mainly used the Complex as a hostel to house its mine employees.
- ▼ However as mining activities decreased in Welkom and shortly after the advent of democracy Anglo Gold Housing Forum and the National Union of Mineworkers established an Association in the year 1998 with the intention that the Association would refurbish the units and convert them into residential units. Government injected funds of institutional subsidy in order to assist with the conversion of the residential units.
- ▼ The residential units would be occupied by people who qualify for social housing. This would be done on the condition that the qualifying people would enter into 'rent to buy' agreements with the Association.
- ▼ In terms of these 'rent to buy' agreements, the people who qualified to reside in the Complex had to pay a monthly rental amount over a period of time (5 years) and once this amount had been fully paid, these people would receive title deeds. The title owners would become the body corporate of the sectional title scheme in terms of the Act. However, even though most residents have completed payments of the amount due in terms of the 'rent to buy' agreements, only 5 title deeds have been issued to date. This is still the position to date of this presentation. As a result of this, the residents are extremely unhappy that they have not received the title deeds as envisioned in the 'rent to buy' agreements.
- ▼ The Department of Human Settlements Free State (the "Department") and the residents launched an application to the Free State High Court Bloemfontein (the "Court") seeking an appropriate order. (Annexure A of Administrators report.) 3

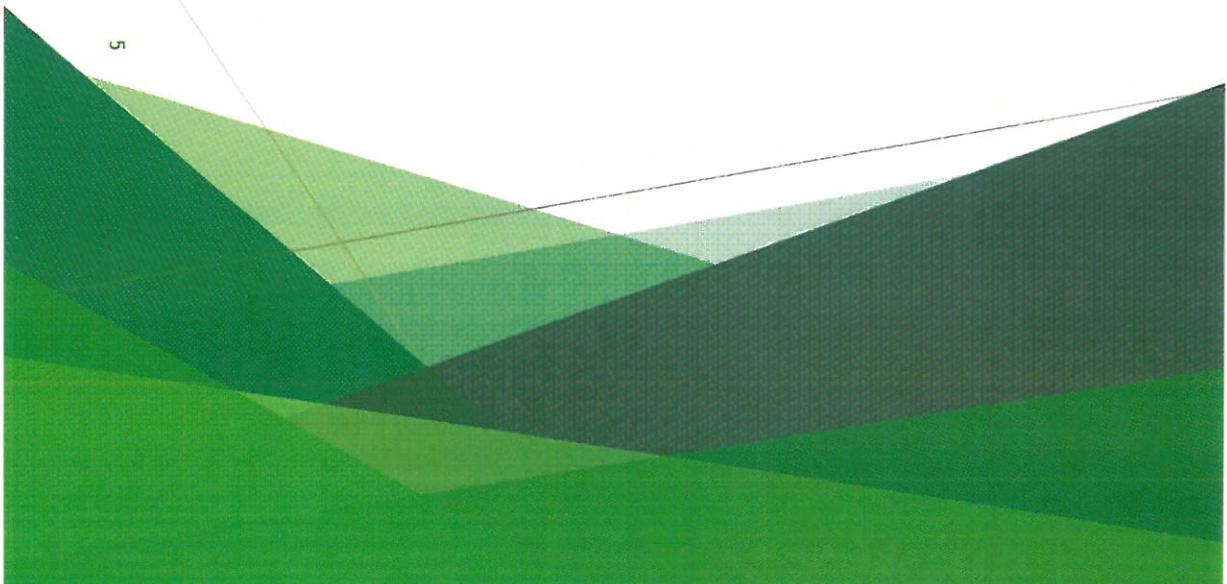
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**THE STATUS OF THE COMPLEX BEFORE APPOINTMENT OF THE ADMINISTRATOR  
BY THE FREE STATE HIGH COURT BLOEMFONTEIN (CHILDREN PLAYING IN  
SEWAGE)**





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## **APPOINTMENT OF ADMINISTRATOR AND DEVELOPMENTS**

- ▼ As a result of the application by the Department and the residents, a settlement agreement was reached to appoint Mr Sam Moleko of Phatshoane Henney Attorneys ("the Administrator") as administrator and as detailed in the court order dated 23 January 2014. (Annexure A of the Administrator's report)
- ▼ The Administrator was appointed in terms of section 46 of the Sectional Titles Act, No. 95 of 1986 ("the Act") as administrator for the body corporate of the scheme known as Stand 10729 no. SS31/2007 commencing 1 February 2014 and ending 5 February 2015.
- ▼ On 5 February 2015, the matter was postponed to August 2015 due to some unresolved administrative issues.(Annexure B of Administrator's report)
- ▼ In August 2015, most of the administration matters had been resolved and the Court granted an order discharging Mr Moleko's duties as administrator.
- ▼ Following the Administrator's discharge by the Court, the Department further appointed the Administrator by way of an appointment letter to continue to deal with the key remaining outstanding issues at the Complex.

Following the appointment of the Administrator as detailed in slide 8 above, the following developments have taken place in the Complex:

#### **1. ESTABLISHMENT OF COMMUNICATION CHANNELS BETWEEN THE DEPARTMENT AND THE RESIDENTS:**

- ▼ Regular mass meetings held between the Administrator and the residents.
- ▼ The residents inform the Administrator about problems in the Complex (i.e. illegal termination of water, unhygienic conditions of leaking sewerage, overgrown weeds and grass) and these problems are attended to by way of communications between the Department, the Administrator and the residents.
- ▼ Mr Shadreck Seloana ("Mr Seloana") who is also a resident within the Complex and a member of the residents committee acts as the spokesperson for the residents and keeps the Administrator updated on the happenings within the Complex.
- ▼ The Administrator's office conducts site visits to the Complex to monitor progress at the Complex and to ensure order.

#### **2. COMMUNICATIONS WITH THE REAHOLA HOUSING ASSOCIATION:**

- ▼ In terms of the Court order , the Administrator was required to obtain information and documents as required in terms of section 36, 37,38 and 40 of the Act. This information/documents were however in the possession of the previous directors of Reahola Housing Association (the "Association"). The Administrator requested information from the Association in order to commence with the administration process. The Association was hesitant in providing the Administrator with the required information/documentation and would in some instances provide incomplete information/documents. In order to receive the complete information/documents, the Administrator had to resort to communicating directly with the CEO of Harmony Gold Mining Company Limited in order to compel the previous directors of the Association to provide him with the required information/documentation.

► One of the instructions of the Department to the Administrator was the removal of the previous directors of the Association. The Administrator attended to the removal of the directors of the Association and the directors of the Association were finally removed effective 10 June 2015. The current director of the Association is a representative of the Department, Mmakwena Jupiter Nomonde Phaladi, also effective 10 June 2015.

### 3. ESTABLISHMENT OF CONDUCT RULES:

- The introduction of a set of conduct rules to govern the complex is another factor that has ensured a sense of order within the Complex.

### 4. RENTAL PAYMENTS BY LEASE TENANTS

- Tenants who were previously leasing the units at the Complex from the previous directors of the Association had to continue making monthly rental payments to the Association depending on the size of the unit occupied.

### 5. COMMUNICATIONS WITH MATJHABENG MUNICIPALITY (THE "MUNICIPALITY") :

- One of the reasons for communications with the Municipality was to obtain assistance from it regarding broken water pipes, leaking sewerage pipes, overgrown grass and weeds and the general maintenance of the complex and most importantly the outstanding debt of the Complex.
- The communications with the Municipality also involved ascertaining the outstanding debt as owed by the Association to the Municipality and also included attempts to negotiate that the outstanding debt be written off in order to enable original owners of the units at the Complex to obtain their title deeds. The Administrator also presented the matter of the Complex to the Municipality's EXCO on 28 July 2014. The Administrator provided the background into the matter and explained why the Complex is in dire need of the Municipality's assistance.
- The Municipality indicated that they would respond to the Administrator in this regard but the Administrator has not received any response from the Municipality to date.

## ❖ **CURRENT STATUS OF REAHOLA COMPLEX TODAY:**

### **1. ON-SITE OFFICE ESTABLISHMENT:**

- ▼ The Complex currently has an on-site office which ensures that all the residents issues/complaints/comments are communicated to the Department via the Administrator. The office is currently managed Mr Shadrack Seloana with the assistance of Ms Xholiswa Mthobi.

### **2. MME MATHIBELA**

- ▼ In the continuation of his administrative services in January 2016, the Administrator realised that certain portions of land donated to and earmarked for acquisition and/or development by members of the local community and more specifically ERF 10470 Welkom, Ext 41 and ERF 10728, Welkom, Ext 41 were sold to a lady by the name of Ntropinyane Georgina Mathibela under the instructions of the previous directors of the Reahola Housing Association. These stands were also registered and transferred into her name in the years 2013 and 2015 respectively.
- ▼ The Administrator also came to the realisation that Ms Mathibela had also purchased several of the residential units within the Complex which she has been letting out for her personal and commercial gain although transfer of these units has not taken place. The Department instructed the Administrator to launch an application with the Free State High Court Bloemfontein for the return of the property to the Association.
- ▼ The application documents have been drafted and only awaiting signature in order for the application to be launched with the Free State High Court Bloemfontein.

### **3. CLEANING OF THE COMPLEX: END OF JANUARY 2016 AND EMPLOYMENT OF VOLUNTEERS:**

- The Complex was cleaned extensively in the last week of January 2016. The residents formed part of the team that was cleaning the Complex. These residents, including the above mentioned Ms Xholiswa Mthobi have entered into volunteer agreements with the Association in order to continue cleaning the Complex on a daily basis. There are currently 10 volunteers who receive a monthly stipend of R1000.00 (One Thousand Rand) for their volunteer services at the Complex.

### **4. COMPILATION OF LISTS OF REAHOLA ORIGINAL OWNERS AND TENANTS:**

- The Administrator has also compiled a list that distinguishes the original owners of the units at the Complex (being those who would qualify for title deeds) and the rental tenants who began occupying the units as a result of evictions of the original owners by the previous management of the Association for reasons of non-payment in terms of the instalment sale agreements.

### **5. REAHOLA HOUSING ASSOCIATION FUNDS:**

- Following closure of the Standard bank account which was used by the previous directors of the Association, the rental payments from the residents were initially paid into Phatshoane Henney Attorneys' trust account (the "Trust Account"). On 14 December 2015, the Administrator opened a new bank account for the Association with Absa bank. The rental payments by the tenants are now paid into this account.

- ▼ The funds held in the above accounts are utilised to purchase equipment for the cleaning and maintenance of the Complex and necessities required at the on-site office.
- ▼ These funds are utilised for the further advancement of the Complex in the following manner:
  - Payment of the cleaning volunteers and on-site office assistants at the complex; and
  - Purchasing of cleaning equipment and on-site office stationery.
- (all purchases and payments are supported by proof of payments and receipts).

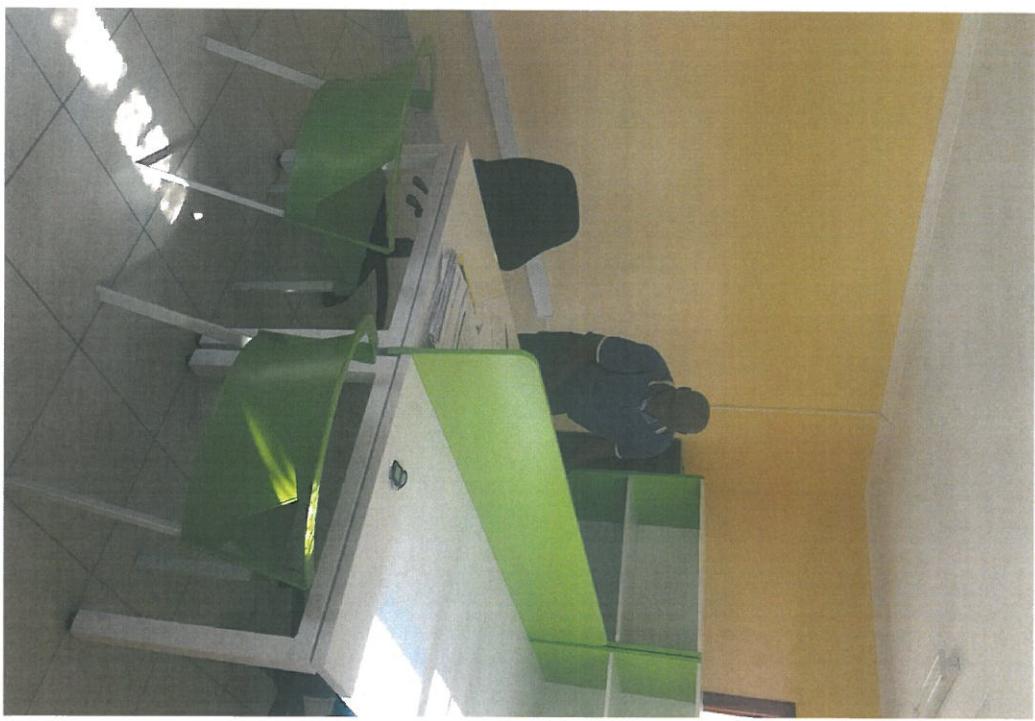
## **6. REAHOLA SHOOTOUTS AND THE NEED FOR FENCING:**

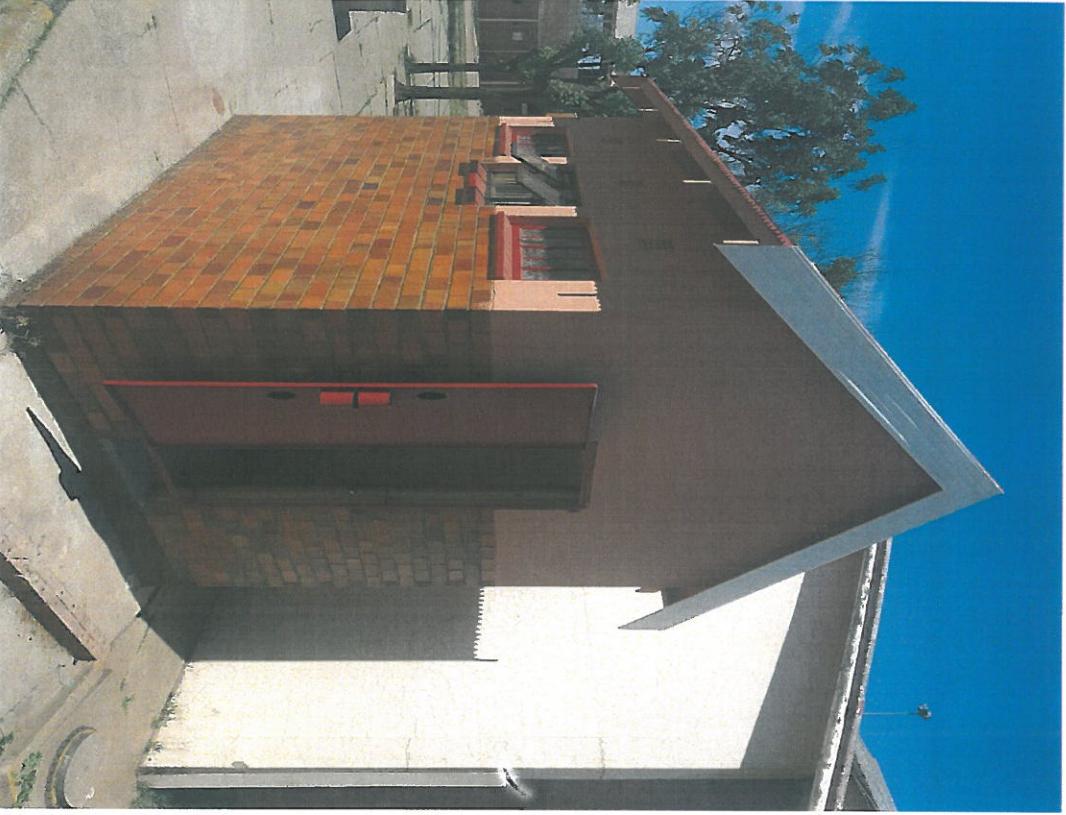
- ▼ Beginning from July 2016, there has been a group of illegal miners (commonly referred to as the "zama zama's") who have been entering the complex to randomly shoot at the residents. A few residents have died and others have been seriously injured due to these violent shootings. The residents fear for their lives and have requested that the Complex be fenced as a matter of urgency.

## **7. LEAKING ROOFS**

- ▼ In the week of 22 December 2016, some of the roofs of the units at the Complex were terribly damaged by heavy rainfalls. As a result some of the residents have to hold a bucket up to the roof in order to avoid rain water puddles from flooding the house each and every time it. The situation still remains the same.

**ON-SITE OFFICE**

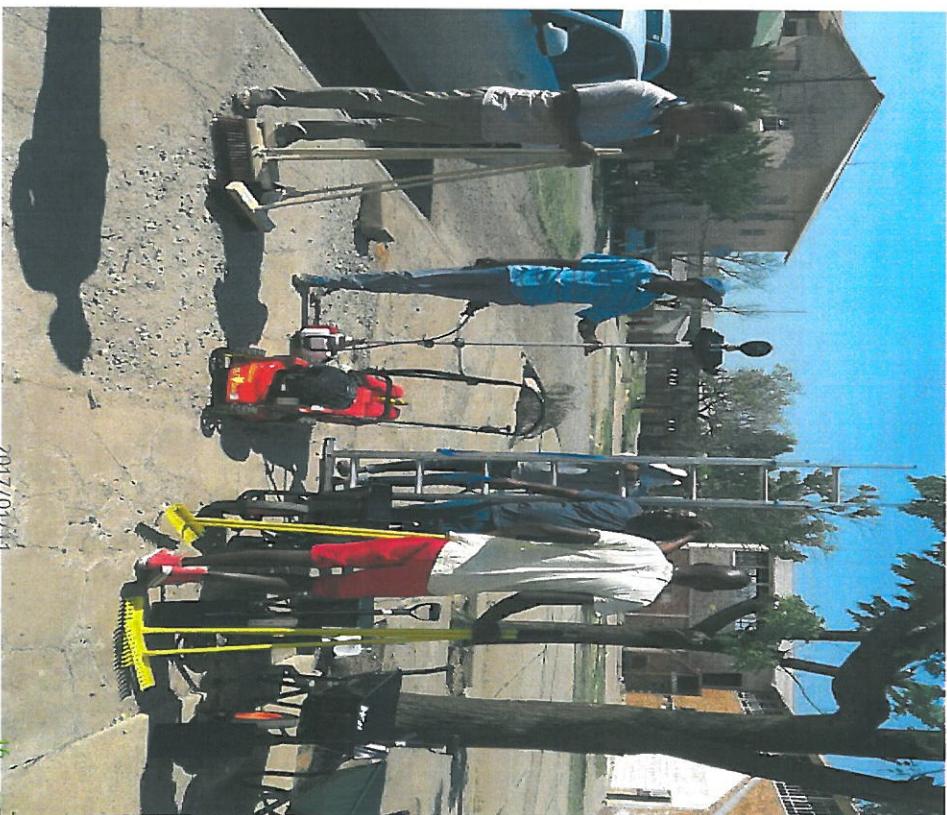




**ON-SITE OFFICE**



## VOLUNTEERS AND CLEANING EQUIPMENT



Weapons used by the Zama Zama's to Shoot at Residents in the Complex



## Leaking Roofs as a Result of Heavy Rainfalls



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## Leaking Roofs Continued



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## **MATJHABENG MUNICIPALITY OUTSTANDING ACCOUNT:**

- ❖ As at November 2016, the Association had an outstanding account of R6,327,600.66 (Six Million Three Hundred and Twenty Seven Thousand Six Hundred Rand and Sixty Six Cents) with the Municipality.
- ❖ The above mentioned outstanding amount is derived from the following:

ERF 10731 – 5,249,797.39 (Five Million Two Hundred and Forty Nine Thousand Seven Hundred and Ninety Seven Rand and Thirty Nine Cents).

ERF 10729 – R1,077,803.27 (One Million Seventy Seven Thousand Eight Hundred and Three Rand and Twenty Seven Cents).

## **CONCLUSION:**

- ❖ It is evident that despite the developments following the appointment of the Administrator by the Free State High Court Bloemfontein, the residents in the Complex still require assistance from the Municipality and the Department on a regular basis, the best solution being the issuing of title deeds to all the original owners.