

Amended property sector code is now legally binding

The Amended Property Sector Code, which was gazetted for public commentary towards the end of 2015, is now legally binding to entities and organisations operating in the property sector, says Trade and Industry Minister Rob Davies.



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The Amended Property Sector Code is applicable to commercial activities in the residential and commercial industries of the property sector, as well as the value chain which include property development, property services, property and facility management, broking, valuation, estate agents and other professional services.

In a statement on Monday, the Department of Trade and Industry said the Minister has approved the gazette of the Amended Property Sector Code in terms of Section 9 (1) of the Broad Based Black Economic Empowerment Act 53 of 2003 as amended by Act 46 of 2013.

Recent reviews estimate that the South African property sector market size is at about R5.8 trillion. The sector is made up of four industries namely: Commercial; Residential; Public Sector; and Zoned land.

Minister Davies said even though the main focus of the Amended Property Sector Code is not on land reformation in South Africa, it should contribute towards reversing the legacy of the Native Land Act, 27 of 1913, and subsequent discriminatory policy and legislation which denied black people access to productive land and property.

Minister Davies said it should also contribute towards development and investment in the marginalised areas of the country.

South Africa's estate agency market is estimated to have 38,000 estate agents of which only 13% are black. This is one of the challenges the amended sector code seeks to address.

"To achieve this, the Amended Property Sector Code has introduced a measurement indicator called Economic Development which aims to stimulate property development in under-resourced and marginalised areas, while in the process addressing inequalities and creating wealth amongst the previously disadvantaged groups. The set target is 10% of all annual investment for development or redevelopment," said Minister Davies.

To accelerate an increase in ownership of black people in the sector, the Amended Property Sector Code has set a black ownership target of 27% for property owning companies.

"This is higher than the 25% black ownership target of the Generic Codes. In addition, and in recognition of the fact that there is a need to make capital available in the sector to enable black owned companies to develop and acquire properties, the Amended sector code has set a target for established companies to financially support those that are at least 51% black owned.

The value of the finance to be made available is up to 2% of the total development/redevelopment spent," added Minister Davies.

The Amended Property Sector Code which became effective on 28 June 2017 can be accessed on www.thedti.gov.za/gazettes/40910.pdf and on www.thedti.gov.za/gazettes/40941.pdf.

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