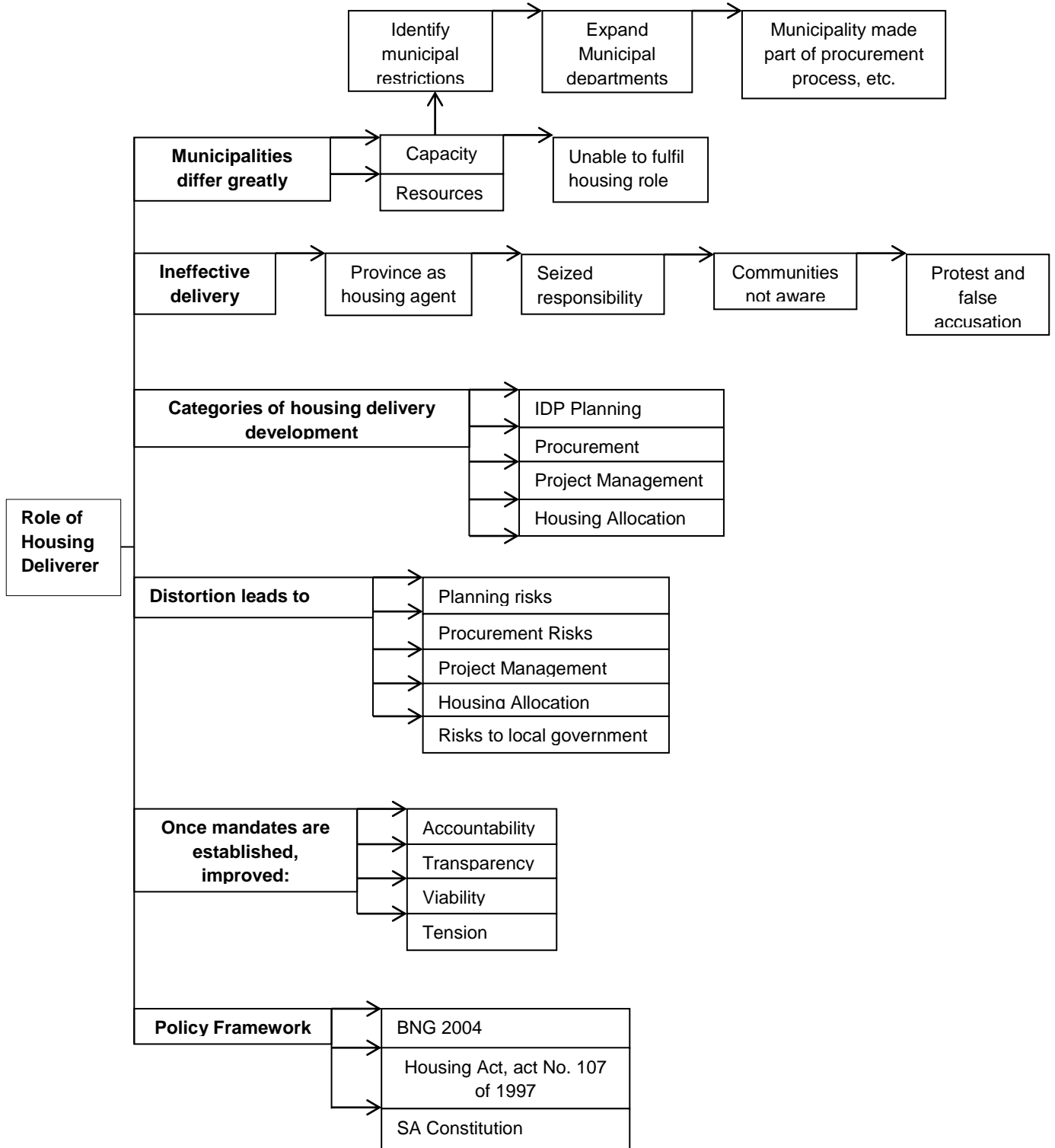


## CHAPTER FOUR: THE ROLE OF THE LOCAL MUNICIPALITY IN HOUSING DELIVERY



**Figure 7: Summary of Chapter 4: The role of the local municipality in housing delivery**

Source: Own construction (2012)

Chapter 3 captured the contribution which the concepts of Clarence Stein and Clarence Perry may still make in the South African delivery context. In order to implement any planning, management or design concepts, a well-defined delivery structure at governmental level is required. In this regard the value of the local authority in delivery is highlighted.

Chapter 4 will provide a brief discussion on the diminished role of the local authority in the housing delivery process in SA. The municipality has been left subordinate to the provincial authority regarding housing delivery, resulting in ineffective and mismanaged processes and a failure to deliver in reaction to the ever increasing need for low-cost housing. This chapter will aim to provide insight on how government resources could be more effectively directed and managed.

#### **4.1 Background and introduction on governmental structure and housing delivery**

Ndaba (2010) states that optimal service delivery will require working internal processes and systems, functioning at an optimal level. Where this does not happen, as is common in SA, delivery is hampered. Combating this may entail placing competent managers and leaders in authoritative positions, as well as ensuring that the role of housing deliverer is clearly defined, with specific delineation between local and provincial authorities.

Table 6 captures the categories of housing provision as well as the role the local municipality has to play at each respective stage.

**Table 6: Housing development should be broken up into four broad categories**

<b>Category</b>	<b>Description</b>	<b>Value</b>
<b>IDP Planning</b>	<ul style="list-style-type: none"> <li>-Planning should occur in a timely and efficient manner to ensure that the state will disburse resources in a manner which will meet its objectives, and satisfy beneficiaries.</li> <li>-Municipalities should take the lead in determining housing need and demand, deciding on locations which facilitate spatial restructuring.</li> <li>-The supply of different housing typologies should match the demand in accordance with spatial and transport planning.</li> <li>-Planning processes should be carried out in a transparent manner.</li> </ul>	<ul style="list-style-type: none"> <li>-Only once the local authority enjoys a greater role in housing delivery will it be possible to administer a truly integrated planning process. An integrated planning process will result in delivery of units in an accountable and timely manner.</li> <li>-The current approach which leaves the provincial authority in charge of approving the final list on housing development, results in a mismatch between what is truly needed and what is delivered.</li> </ul>
<b>Procurement</b>	<ul style="list-style-type: none"> <li>-The quality of delivered housing will reflect the manner in which contractors were procured.</li> <li>-A Supply Chain Management (SCM) system has been set out in the local government's Municipal Financial Management Act.</li> <li>-Local authorities are obliged to follow a set of guidelines with regard to tender specifications, as well as the evaluation and adjudication, of housing project managers and contractor procurement.</li> </ul>	<ul style="list-style-type: none"> <li>-In reality contractors and other consultants are often appointed by the province. This leads to the employment of contractors from outside the community, counteracting the focus placed on housing as local economic development agent.</li> <li>-Where local municipalities are given the authority to appoint contractors and consultants, the SCM and subsequent guidelines may prove effective.</li> </ul>

	<p>-This should ensure equitable and transparent processes when carrying out hiring.</p>	
<b>Project management</b>	<p>-The quality of project management will ultimately determine the success of the project.</p> <p>-Project management includes: project preparation, managing and enforcing contracts, setting timelines for delivery, and carrying out inspection processes and linking them to payment systems.</p> <p>-Project management should be carried out to ensure that public engagement in housing delivery as well as accountability. .</p>	<p>-Local project managers should be sought or where absent, trained systematically. The success of any project will depend on the skill and expertise of its project manager.</p> <p>-The project manager should assemble a professional and experienced team to fill areas of expertise where he/she lacks familiarity.</p> <p>-The project manager should supervise that all necessary steps in the housing provision process are thoroughly followed.</p>
<b>Housing allocation</b>	<p>-Finished housing should always be sold or transferred to households that fall within the subsidy qualifying criteria.</p> <p>-Efficient beneficiary administration is fundamental to ensure transparent and proper usage of government resources.</p>	<p>-This will require that the list for subsidy allocation be appropriately and transparently constructed.</p> <p>-Efficient administration at municipal level will only be possible once municipal departments are sufficiently capacitated.</p>

Source: Constructed and adapted based on Tomlinson (2011:3)

Local government may be the most appropriate sphere of government for the delivery of housing projects, especially seen in the light of the Constitution and succeeding legislation (Tomlinson, 2011:2). Municipalities differ greatly from one another within one and between different provinces. These differences occur due to geographic, economic and human resource factors. Apartheid has left a legacy of urban policies and resources which are unevenly distributed amongst South African municipalities, which leaves large disparities in municipal infrastructure capacity within provinces and throughout the country (Madzidzela, 2008:11). The legacy of Apartheid has also led to a depressed housing sector which lacks capacity in terms of financial and human resources. Phago (2010:78) states that South Africa and its provinces experience considerable skills shortages. This occurrence is amplified at a municipal level where shortages extend to proficiencies such as tendering and procurement, municipal management, engineering and urban and regional planning. In reaction to the shortage in capacity and technical expertise at the local level, most governmental departments, including housing departments, are opposed to municipalities accepting responsibility for the provision of housing (Esnor, 2008).

According to Phago (2010:163) in more than half of South African municipalities there is no designated department or official to administrate issues such as public housing delivery. Tomlinson (2011:2) states that out of a total of 283 local authorities, approximately 50 individual municipalities, or 17.67%, have a dedicated housing department. Metropolitan municipalities are often well staffed, with secondary cities left poorly capacitated. Technical housing capacity at both provincial and municipal level is restricted, leaving these spheres unable to efficiently fulfil their functions as housing developers. This has resulted in an insufficient technical and administrative capacity and consequently inadequate monitoring and evaluation of housing projects (Madzidzela, 2008:24).

According to Madzidzela (2008:25) it is the constitutional responsibility of both national and provincial government to assign the administration of matters such as housing to municipalities.

The Housing Act, act No. 107 of 1997 states that every municipality should take all possible and necessary steps in order to ensure that the inhabitants of its area of jurisdiction have access to satisfactory housing. This should be done within the relevant framework of national and provincial housing legislation and policies, as part of the integrated development planning (IDP) process (Makamu, 2010:91). According to Phago (2010:218) The National Department of Housing has provided guidelines to municipalities regarding the planning of housing competences and how the role of various stakeholders can be clarified and enforced. In this regard, provincial authorities fulfil the role as the overseers of municipal goals in accordance with IDP's. It would thus be permissible to assume that the importance of the local authority as housing deliverer and the capacity restraints experienced at the local level are recognised by the relevant policy framework.

Phago (2010:169) states: 'Municipalities are expected to function within the realm of the national and provincial legislative framework in the provision of public housing.' According to Madzidzela (2008:21) section 154 of the Constitution requires both national and provincial government to aid municipalities in the management of their affairs. In some cases provincial authorities have however reduced the authority of the local municipality by accepting responsibility for housing delivery, thereby commandeering most of the power to influence the process. Section 156 of the Constitution further states that municipalities must perform roles assigned to them by national or provincial legislation, further enforcing the subordinate role of the municipality in housing delivery. The municipality is thus left to administer housing programmes within provincial and national frameworks, to a limited extent (Tomlinson, 2011:2). The emphasis placed on the provincial authority as the entity ultimately responsible for housing delivery, undermines the ability of the municipality to ensure that the inhabitants of its area of jurisdiction have access to satisfactory housing.

According to the BNG Initiative (SA, 2004:20) a key requirement for improved delivery is the determination of a clear definition of the roles and responsibilities of all spheres of government. Tomlinson (2011:1) states that a clear division between the roles and responsibilities related to housing delivery is often absent, resulting in undefined mandates for both the provincial and local sphere. The problem becomes more apparent in light of the fact that communities assume that local governments are responsible for delivery. In reality local municipalities have little authority to manage the risks which occur due to provincial government fulfilling the delivery role. Provincial authorities have ultimately denied and seized the responsibility of housing administration in an effort to prevent prolonged processes and failure. Ultimately the community does not understand this and is not made aware of the fact that their local authority is often rendered fairly powerless when it comes to housing delivery. This frequently leads to widespread protest from homeless communities who expect their municipalities to comply with their needs.

This situation furthermore undermines the entire focus placed on community participation and the bottom-up approach, which is enforced by the community participation processes set in place by local authorities. Risks can however be managed by devolving 'responsibility' and 'authority' for housing delivery to local government through accreditation and assignment. According to Phago (2010:258) accreditation implies that municipalities which have a proven competency in terms of capacity and financial administration should be granted full authority to deliver and administrate housing delivery in their areas of jurisdiction without provincial or national interference. According to SA Cities (2011) the department of Human Settlements has assigned housing responsibilities to several cities and municipalities in an effort to decentralise and improve housing delivery. In this regard The City of Johannesburg, Ekurhuleni, Tshwane, Cape Town, Nelson Mandela Metro and the Frances Baard and Pixley ka Seme district municipalities in the Northern Cape were accredited.

The Breaking New Ground Initiative of 2004 demands a multifaceted demand driven process. This process requires a much more sophisticated institutional response from local governments than was previously the case. According to the BNG Initiative (SA, 2004:21) a framework is to be established to address policy, constitutional and legislative aspects with the goal of empowering municipalities with the full range of housing instruments.

Since the different approach advocated in 2004, local authorities have found it difficult to adapt to their new role. The increasingly complex responsibilities awarded to local governments and an insufficient capacity to bring these responsibilities to completion, have made it difficult to adjust. Subsequently provinces have stepped in to manage the delivery of housing projects, leaving local governments with allocated responsibility, but no authority to influence what is delivered to the community. Local governments have no authority to engage underperforming contractors, consultants and suppliers, because these service providers are appointed through tender processes led by provincial authorities (Tomlinson, 2011:2).

#### **4.2 Emerging contractors**

The inadequate skills of emerging contractors, is yet another challenge in housing delivery (Madzidzela, 2008:28). According to Fritz (2010:122) removing obstacles for emerging contractors could greatly improve delivery. Improvements in budgeting skills, training and project management need to be addressed in order to not only improve the products delivered, but also the ease in which emerging contractors can be managed by municipalities. Ideally it would be most appropriate for local project managers from the municipality to manage and oversee contractors to achieve best results. Policies formulated to promote local economic development (LED) and employment opportunities by favouring emerging contractors have resulted in the administrative overload of municipal and provincial officials who have to monitor the work of contractors, delays in completion, poor workmanship and inferior housing quality.

The mediocre housing products delivered to communities by contractors result in finished units which require further repairs and increased preliminary construction costs. Mabula (2011) states that as a result of poor build quality, thousands of completed homes have to be demolished and rebuilt or extensively repaired.

#### **4.3 Risks arise when responsibilities are blurred**

According to Tomlinson (2011:4) various risks arise regarding the provision of low-cost housing when the responsibilities between provincial and local authorities are distorted. Everywhere, except the metros and large municipalities, provincial government has either continuously carried out the housing function, or taken back the function where it was previously transferred to municipalities. It is stated that the province is often the only authority capable of handling the complex and labour intensive processes connected to housing delivery, given the understaffed nature of municipal departments. According to Madzidzela (2008:2) national and provincial governments are committed to supporting and strengthening local government, thus enabling local authorities to perform their constitutional role in an effective and efficient manner. The planning risks which stem from a distortion between the responsibilities of provincial and local authorities are captured in Table 7.

**Table 7: Planning risks due to the distortion of responsibilities between provincial and local authorities**

Risks	Explanation	Value
<p><b>Planning risks</b></p>	<p>-Local municipalities carry out a community-based planning process which culminates in the construction of an IDP.</p> <p>-The IDP is then transferred to the provincial IDP office to be assimilated into the provincial IDP.</p> <p>-The provincial MEC hands the local authority a list of approved housing projects. This list will rather be in line with the provincial IDP than the municipal IDP.</p> <p>-Housing projects will thus rather reflect a political agenda, opposed to what the municipality and community truly require.</p> <p>-This situation is most prevalent in smaller towns with limited municipal capacity.</p> <p>-Tension arises between local government officials, the community and elected councillors, given the disparity between what the people need and what is delivered.</p> <p>-This thus bypasses and nullifies the emphasis placed on community participation in various governmental policies and literature, including the BNG of 2004.</p>	<p>-Local authorities should be given a greater role in the decision of approved housing projects.</p> <p>-Objectives identified in municipal IDPs should enjoy preference, (with consideration of provincial objectives). Where local needs are met, the needs of the community will be met.</p> <p>-This will emphasise and encourage the bottom-up approach encouraged by government policy.</p>

<p><b>Procurement risks</b></p>	<p>-Provincial housing departments have generally taken over responsibilities connected to the procurement of service providers, including project managers and contractors.</p> <p>-This is done in an attempt to rescue housing provision in the light of the low levels of success traditionally associated with delivery in the past.</p> <p>-This has not dramatically improved delivery processes.</p> <p>-‘...it is unclear whether the provinces follow proper tender processes themselves or whether they simply appoint project managers and contractors.’</p> <p>-Provincial authorities rarely consult municipalities regarding what should be included and stipulated in tender documents. (use of local pm and contractors)</p> <p>-The lack of consultation with local authorities often leads to scenarios where project managers and contractors are appointed from outside due to their political connections.</p> <p>-This leads to tension in the community due to a lack of local empowerment and economic opportunity.</p>	<p>-Where ever possible provincial authorities should occupy the role of advisor and consultant.</p> <p>-Leaving local municipalities with authority to appoint service providers.</p> <p>-Proper tender processes should always be follows, subjected to independent auditing.</p>
<p><b>Project management risks</b></p>	<p>-As project managers are appointed by the provinces, local authorities find it difficult to engage with project managers in a meaningful manner regarding inspection processes.</p>	<p>-Project managers should, as far as possible, be appointed from the local municipal area.</p>

	<p>-Project managers should not be allowed to act both as construction supervisors and inspectors, as this leads to situations where managers have to evaluate their own work. This leads delivered units of a low standard.</p> <p>-Irresponsible project management will further exacerbate the problem of conflict between communities and officials.</p> <p>-Communities will undoubtedly blame the local authority for poor delivery and quality.</p>	<p>-There should be a clear distinction between project managers and construction supervisors and managers.</p> <p>-Local project managers should be well chosen and trained to achieve best results and reduce conflict.</p>
<p><b>Housing allocation risks</b></p>	<p>-Provinces often override the list of beneficiaries approved on the Housing Subsidy System and approve beneficiaries that would normally be rejected by the system.</p> <p>-This again leads to protest action by community members who were approved for housing subsidies but did not receive homes.</p> <p>-Provincial politicians are accused of utilising the housing allocation process to gain votes.</p>	<p>-The list of beneficiaries should be independently audited to ensure transparency and fairness.</p> <p>-Once a person has been approved to receive a subsidy, a home must be delivered.</p>

<b>Risks to local government</b>	<p>-Local authorities are still seen as the responsible party with regard to housing delivery, even though they mostly have very little to do with the delivery process.</p> <p>-Municipalities do not carry any authority in the matter to manage the process or rectify mistakes made by the province and their project managers and contractors.</p>	<p>-Communities should be made well aware of who is responsible for housing delivery in their area.</p> <p>-Local municipalities must be given more authority in matters of project management.</p>
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Source: Constructed based on Tomlinson (2011:4-5)

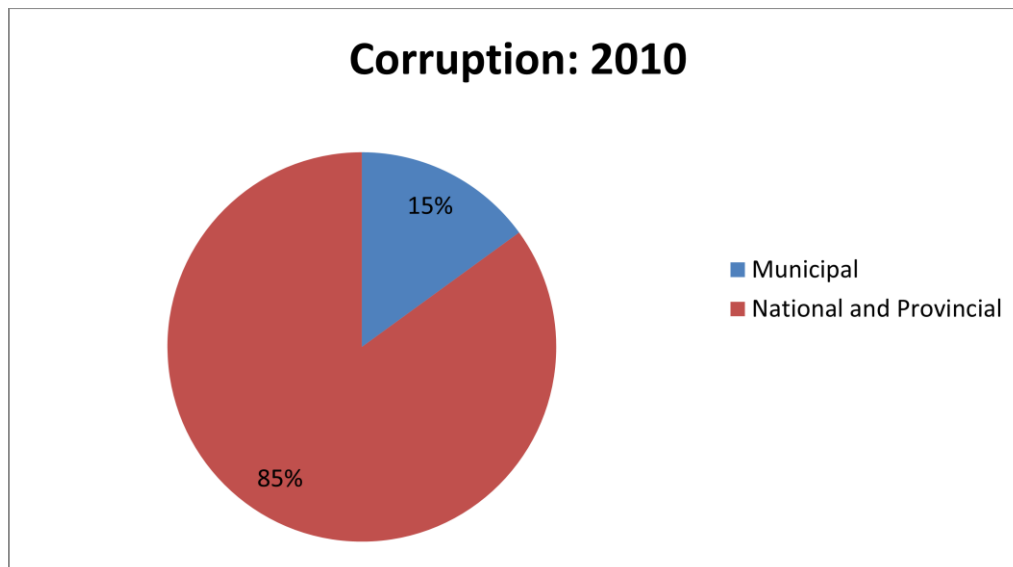
#### 4.4 Allegations of corruption

Tomlinson (2009:1) states the following: 'South Africa's Constitution and the White Papers on local government and housing direct the public sector to act in an equitable, transparent and accountable manner in the administration of its responsibilities'. Unfortunately the public sector is often associated with a lack of capacity and coordination, as well as persistent corruption when it comes to housing delivery. It becomes apparent that transformation of the current delivery system is needed in order to improve delivery in a way which lines up with governments vision of providing sustainable human settlements in an accountable manner.

According to Tomlinson (2011:2) the fact that provinces carry the authority to administer delivery, implies that local governments have very little to do with the accusations of corruption and fraud often made by angry communities. These accusations often include:

- Inadequate application of procurement policies.
- Inappropriate influence in carrying out the hiring of project managers and contractors.
- The allocation of houses.
- Personal enrichment by authorities (kickbacks and overpayments).

According to Ndaba (2010) rampant fraud and corruption is facilitated by a lack of suitable capacity and skills to efficiently supervise and monitor systems and processes within both provincial and municipal departments. Ndaba (2010) states that in 2010 there were 800 government employees who had been found to be unlawful beneficiaries of housing subsidies – 120 of them at municipal level. This amounts to 15% of corruption cases in 2010 involving municipal officials, as illustrated by Figure 7.



**Figure 8: Municipal corruption figures vs. national and provincial corruption figures**

Source: Constructed based on Ndaba (2010)

#### **4.5 Conclusion to the role of the local municipality in housing delivery**

The impacts of housing development are most pronounced at a local level. Housing delivery is currently a provincial mandate, but local municipalities should be granted more authority to deal with low-cost housing development in their areas of jurisdiction. Where capacity restrictions prohibit the establishment of autonomous housing departments, the planning department should be equipped to administrate the delivery process.

Given the importance of the local authority in housing development and the influence of low-cost housing at local level, Chapter 5 will discuss the relevance of low-cost housing delivery in local economic development.