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## Glossary

CMRA	Centre for Municipal Research and Advice
COGTA	Department of Cooperative Governance and Traditional Affairs
DHS	National Department of Human Settlements
HDA	Housing Development Agency
IDP	Integrated Development Planning
PA	Performance Agreement
PSC	Provincial Steering Committee
SALGA	South African Local Government Association
SDF	Spatial Development Framework
SHI	Social Housing Institution
SHRA	Social Housing Regulatory Authority

## Definitions

### **BNG Housing (Former RDP)**

Breaking New Ground Housing: Housing programme for the income group of people earning not more than R3500 per month. The ownership of the house and the land will be transferred fully to the beneficiary. This was formerly known as RDP Housing.

### **Community Residential Units (CRU)**

Form of Rental Housing. The stock is publicly owned (often by the municipality) and made available for an income group of approximately R800 to R3500 per month.

### **Delivery Agent**

Company (section 21, municipal entity, PTY, other) that is responsible for the delivery of housing stock.

### **Housing Demand Database**

Provincial database into which municipalities can feed their information on the housing demand.

### **National Housing Code**

The National Housing Code 2009 sets the underlying policy principles, guidelines and norms and standards which apply to Government's various housing assistance programmes introduced since 1994 and updated. The purpose of this guide is to provide an easy to understand overview of the various housing subsidy instruments available to assist low

income households to access adequate housing. The detailed description of the policy principles, guidelines, qualification criteria and norms and standards are available in the National Housing Code.

### **Rental Housing**

Dwelling type which is owned and managed by a landlord/institution. Tenant pays rent to the landlord/institutions for the right to inhabit the unit. The lease agreement between landlord/institution and tenant is subject to the Rental Housing Act.

### **Restructuring Zones**

Geographic areas, identified for targeted investment based on a need for social, spatial and economic restructuring of the area/s and specifically provided for in the IDP and agreed and aligned to provincial priorities. Individual project sites do not constitute restructuring zones. The social housing capital grant can only be administered to social housing projects within restructuring zones. Funding for social housing projects outside the designated restructuring zones will follow conventional subsidy allocation procedures.

### **Rural Housing**

Housing programmes, as described in the Housing Code, which are aimed at dealing with the specific housing needs of people in the rural areas, such as housing on communal land, farm workers' housing, etc.

### **Social Housing**

Form of Rental Housing, as is described in the Social Housing Act, mainly delivered by Social Housing Institutions (SHIs) aiming at a low-income target group of R1500 to R7500 per month. Currently only applicable in 13 urban municipalities which have been selected for the implementation of the Social Housing Programme.

## 1. Introduction

The 'Benchmarking Municipal Social Housing' project is developed and implemented by the Centre for Municipal Research and Advice (CMRA) in partnership with the international cooperation agency of the Association of Netherlands Municipalities (VNG International) and the South African Local Government Association (SALGA) and funded by the partnership programme between the Ministry of Housing, Spatial Planning and the Environment (VROM) in the Netherlands and the National Department of Human Settlements in South Africa (DHS). A group of 13 municipalities that has been identified by the DHS to designate Restructuring Zones (RZs) for the implementation of Social Housing projects have been selected for this benchmark project. They compare and exchange lessons learned and good practices in a systematic manner by administering the questionnaire and discussing results at periodic meetings. This is followed by a conference with the aim of sharing the results with other municipalities.

The overall aim of the benchmark project is to provide municipalities with a platform to assess their current performance in social housing delivery and to improve this through better planning, facilitation and monitoring. The benchmark project facilitates a process of self-assessment, networking, and 'compare and exchange' between peer municipalities in matters pertaining to provision of social housing. In this manner, municipalities can tap into existing knowledge, lessons learned and good practices, and, by investigating the crucial steps and conditions, adapt this wealth of knowledge and experiences to their own local context.

### Project Implementation

To execute the benchmark process, a questionnaire has been developed to gather data for the benchmark that scans the current status of social housing in the municipality. The data from the questionnaire is collected, analysed and processed in a report. The findings of the different municipalities are compared and discussed at planned benchmark meetings attended by all participating municipalities.

The key steps in this benchmark process are:

- 1) A benchmark cycle of municipalities is formed (based on inclusion in the Social Housing Programme);
- 2) A questionnaire is developed with input from the participating municipalities in the introductory meeting of the benchmark process;
- 3) Municipalities complete the questionnaire;
- 4) Municipalities come together at the second benchmark meeting ("learning meeting") to discuss the experiences of the questionnaire and to compare the results;
- 5) Municipalities improve the data and complete missing and additional questions;
- 6) A final benchmark report summarises key findings and recommendations;
- 7) Municipalities come together for the third benchmark meeting to discuss and compare results;
- 8) Municipalities implement a project on the basis of one or more of the recommendations;

- 9) A number of Lessons learned and good practices are captured in a brochure for dissemination.

This report is represented in step 6 of the schedule above.

The questionnaire has been drafted based on experience from previous benchmark projects, knowledge of the social housing sector and input from participating municipalities. The questionnaire has a number of key indicators against which municipalities assess their current response. Questions are presented in different sections, covering the following themes:

1. The municipal profile and general demographic information
2. Policy and legislation framework
3. Institutional arrangement and resources
4. Current social housing status
5. Social housing service delivery
6. Management processes and systems
7. Inter-governmental relations and cooperation impact
8. Public participation

Most of the questions are directly related to social housing, though in certain instances the scope was broadened to rental housing or housing in general to be able to get a better picture of the situation in the municipalities.

#### **About the report and confidentiality**

This report contains the final results of the benchmark based on the input that was provided by municipalities through the questionnaires. The results, the quality of the report and the success of the benchmark as a whole, fully depend on the quality of the data that is provided by the municipalities. Missing or incorrect answers distort the analysis and the results.

Unfortunately, many of the questionnaires were not returned before the deadline date. Furthermore, in a number of questionnaires many questions were not answered or not correctly answered. This has a large impact on the quality of the analysis and can lead to a distorted representation of the status of social housing in a number of municipalities and the sector overall. During the second benchmark meeting this was discussed and a follow up questionnaire was sent out to retrieve missing information. Some municipalities were requested to re-submit their initial questionnaire. The return of these questionnaires was also a challenging exercise. However, with the available data it was still possible to establish a relevant research and report.

The benchmark report has been written with the aim of highlighting differences and similarities between the municipalities, and stimulating improvements through comparing, exchanging good practices and lessons learned and networking. There are two reports resulting from this project:

- General report: commenting on findings of all participating municipalities
- Municipal report: commenting on findings of an individual municipality, by making links to the practices in the other participating municipalities.

The reports are separated in sections that correspond to the different themes in the questionnaire that was used (See above).

## 2. Social Housing in South Africa

### *Introduction*

Housing is one of the biggest challenges in South Africa in the delivery of services to the public. There is a large demand for housing and there is a large part of the population that cannot afford to buy or rent housing at market prices. The government is assisting the population through different housing programmes. Many of those are focused on ownership, which is for the majority of the South Africans the preferred form of tenure. Though, with many changes in the current day society, housing preferences or needs also change. The demand for affordable rental housing, especially in urban areas is large and cannot be met with the current capacity. Municipalities share the responsibility to provide access to decent housing with the other spheres of government. In rental housing they have an important task to facilitate the delivery and work together with housing institutions to ensure this delivery.

### *The role of the municipality in housing*

Although there are many discussions on what exactly should be the role of local government in housing, it is clear that there is a significant role for municipalities in housing. Local government is the sphere of government that is closest to the public and therefore in an excellent position to determine the needs at the local level. Furthermore, the municipality is responsible for many other services that are closely linked to housing, such as infrastructure and water services.

According to legislation, local government has mainly a planning and facilitation role in housing. In practice it is seen that each municipality tries to find its own role in housing. Some municipalities take a lot of initiative, while others leave many matters to the provincial government. In this benchmark process some of the differences in the interpretation of the role of local government in housing came forward.

The National Department of Human Settlements (DHS) has been working on the process of accreditation of municipalities. The purpose of this process is to accredit municipalities that have the necessary capacity to take over the housing functions from the provincial government. Although the process is still continuing, some municipalities have already taken up quite a number of functions and seem to be managing well.

### *The legal framework*

According to the Constitution, the delivery of human settlements is a shared responsibility of national and provincial government. The Housing Act describes the role of the municipality as a facilitating and planning role. Local government needs to create the enabling environment for other stakeholders to deliver houses. Though, in many cases the provincial government has assigned municipalities with the responsibility for the delivery of houses.

For social housing, the most important piece of legislation is the Social Housing Act of 2008. In this act the roles of all major stakeholders in the social housing sector are described.

For municipalities the most important tasks are to create an enabling environment for the delivery of social housing, to facilitate the delivery of social housing and assist delivery agents in getting access to land and building as well as infrastructure and services.

Besides the Social Housing Act, there are a number of other pieces of legislation which are important in relation to social housing. One of them is the Housing Act which lays down the roles and responsibilities in the housing sector for all spheres of government. The Housing Code is related to the act and outlines the national housing policy in a comprehensive way. Another important piece of legislation is the Rental Housing Act, which regulates, among others the relationship between tenants and landlords and the role of the Rental Housing Tribunals. With regard to social housing, the Prevention of Illegal Eviction and Unlawful Occupation of Land (PIE) Act is a very relevant piece. It regulates cases of evictions and illegal occupation. It protects the tenants against unlawful evictions and ensures alternative accommodation where required. The Municipal Finance Management Act (MFMA) and the Municipal Systems Act are relevant for municipalities especially in relation to the establishment and/or relationship with delivery agents for social housing. Most of all, where municipalities choose to set up a municipal entity for the delivery the MFMA needs to be adhered to.

In the Social Housing Act the establishment of the Social Housing Regulatory Authority (SHRA) has been executed. This authority is responsible for the disbursement of the social housing capital grant and the accreditation and monitoring of Social Housing Institutions (SHIs), among others.

### 3. Analysis

The benchmark is based on the input of thirteen municipalities, though there are questions that have not been answered by all municipalities. Where there are tables of graphs with less than thirteen cases, one or more municipalities have not answered the question(s) on which that analysis is based. The analysis of the responses has been done according to the sections as they were provided in the questionnaires and mentioned in the introduction.

#### *Section 1: Municipal profile and general demographic information*

The thirteen participating municipalities have all been selected by the National Department of Human Settlements (DHS) for the implementation of the social housing programme. That means that each municipality is urban to a certain level. There are still quite some differences between the municipalities in this benchmark. Six of the thirteen municipalities are Metropolitan, three are aspiring Metropolitans and the remaining four are Local Municipalities, each being the main city in its province. This has implications for the analysis and one needs to be careful interpreting the results, especially keeping in mind the demographic and economic differences between the municipalities. The participating municipalities are the following (in alphabetical order):

1. Buffalo City Local Municipality
2. City of Cape Town
3. City of Johannesburg
4. City of Tshwane
5. Ekurhuleni Metropolitan Municipality
6. eThekweni Metropolitan Municipality
7. Mangaung Local Municipality
8. Mbombela Local Municipality
9. Msunduzi Local Municipality
10. Nelson Mandela Bay Metropolitan Municipality
11. Polokwane Local Municipality
12. Rustenburg Local Municipality
13. Sol Plaatje Local Municipality

This paragraph provides a background on the municipal profiles and some demographic information of the municipalities. It will give the reader a better understanding of the municipalities and draw the context in which the rest of the analysis can be viewed.

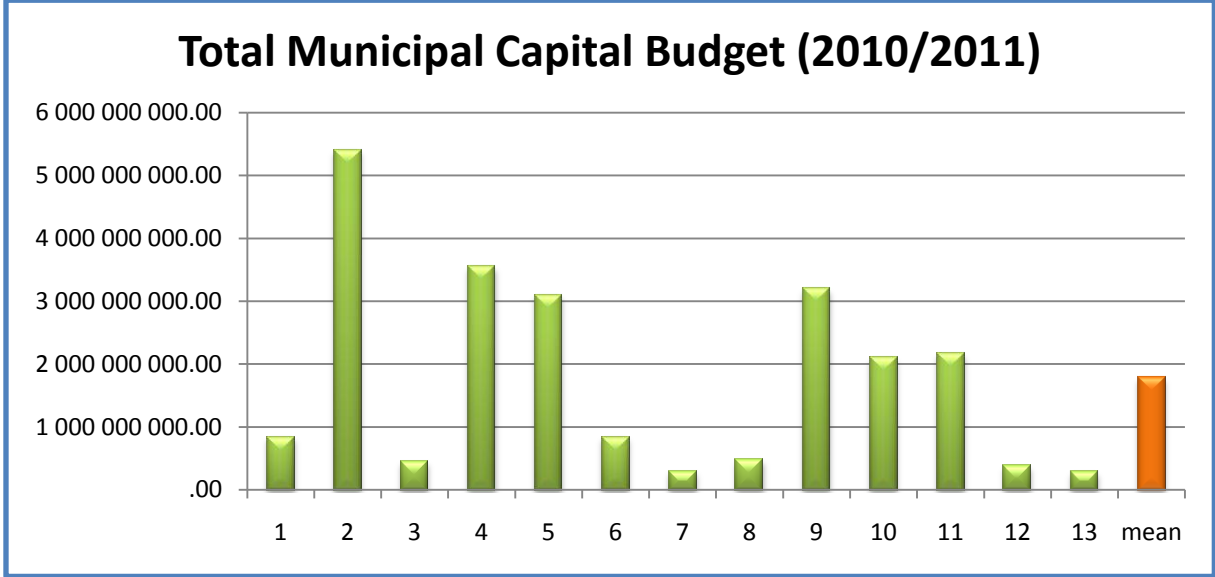
#### *Budget*

To be able to draw a picture of the municipalities, they were asked to give the total municipal capital and operational budgets. Although it does not directly mean anything for housing service delivery, it does give an indication of the resources that the municipality has for running all its services and human resource capacity.

The total operational and capital budgets of the municipalities show great differences. This will mainly be caused by the financial status and the size of the municipality. Overall, the metropolitan municipalities have the most financial resources. In Graph 1 and 2 an overview is given of the total capital and operational budgets in the municipalities respectively.

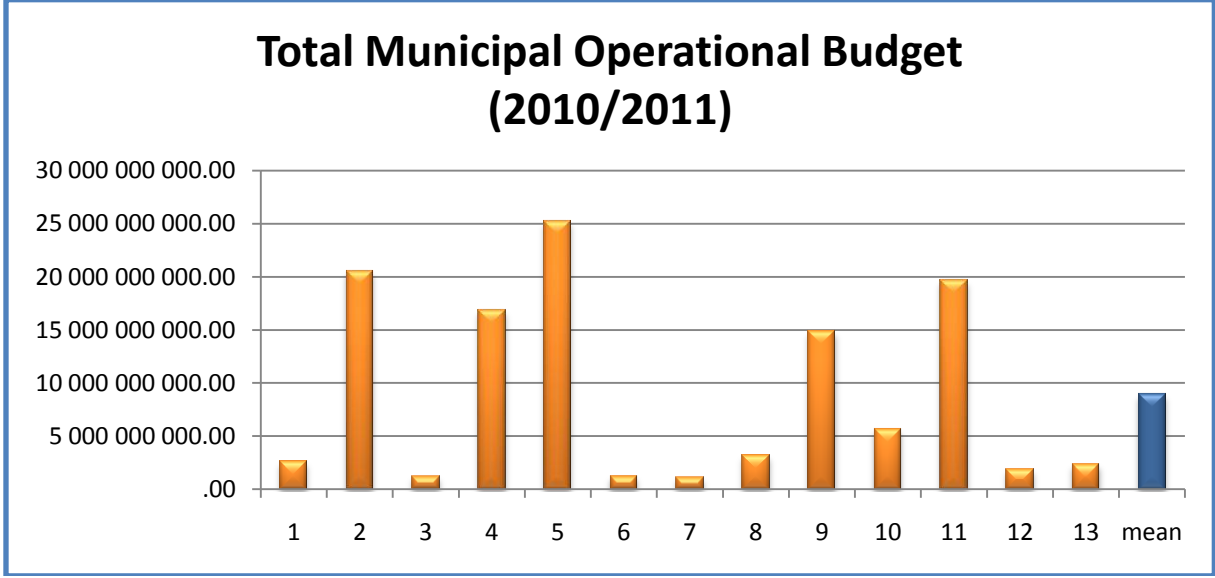
Graph 1 shows the total capital budgets of the thirteen municipalities, as well as the average budget. Seven municipalities have a budget below R 1 Billion, of which five are even below R500 Million. The other six municipalities all score higher than R 2 Billion. Two of those have a budget slightly higher than R 2 Billion, three have a budget slightly higher than R 3 Billion, whereas one municipality has a capital budget of more than R 5 Billion. Comparing the lowest to the highest budget, the difference is more than ten times the amount.

Graph 1 Total Capital Budget



When looking at the total operational budget, we see quite some similarities, though not exactly the same picture as in Graph 1. Most of the highest scoring municipalities in the first graph also score high in the second graph, though municipality 10 and 11 seem to be scoring much less than the others. Municipality 2 which had the highest capital budget by far, does not have the highest operation budget. Yet, the lower scoring municipalities remain scoring low in the second graph.

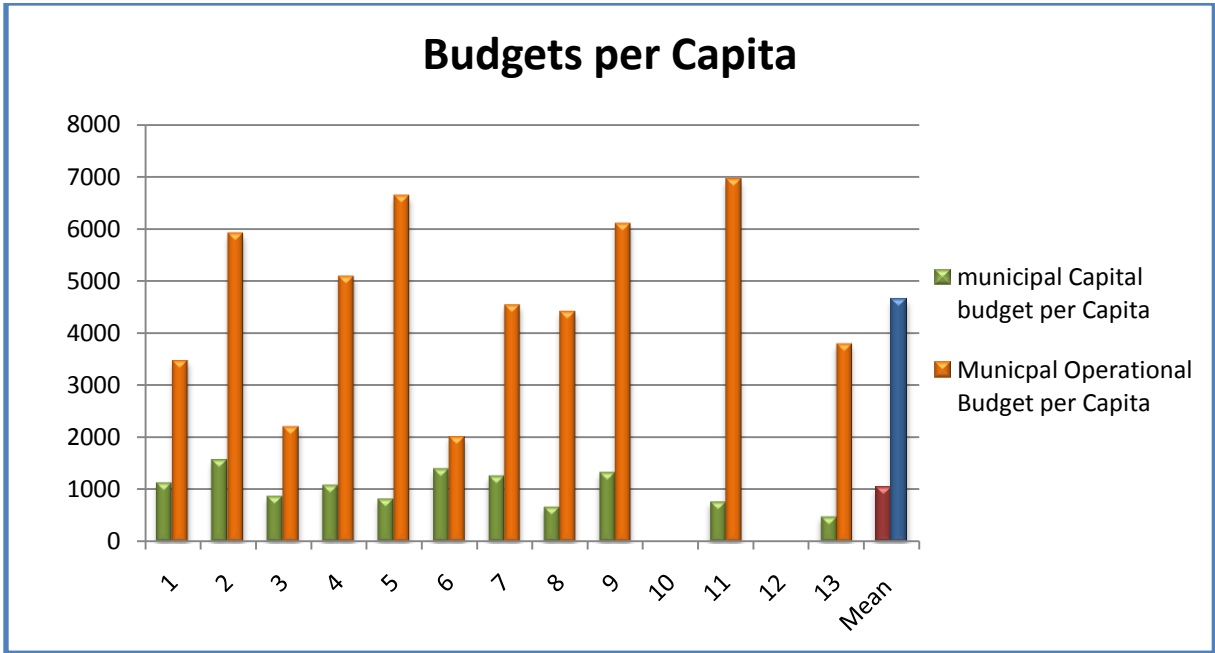
Graph 2 Total Operational Budget



Most of the differences that come forward in the two graphs above will be based on the economic situation in the different municipalities, but most of all on the sizes of the municipality and its population.

Although the gaps between the municipalities in the total budgets are large, when one calculates the budgets per Capita, the differences are slightly less, though still present, as is shown in Graph 3. Some local municipalities get close to the highest scoring metropolitan municipalities, while some metropolitan municipalities score lower than a number of the local municipalities.

Graph 3 Operational and Capital Budget per Capita



The municipalities that score higher than average in the budgets per capita are partly the same as the municipalities with high overall budgets. Yet, from these graphs we see that municipality 7 has been scoring low in their overall budgets, but scores higher than average in the budgets per capita. The same is, to a lesser extent also applicable to municipalities 1 and 3.

**Population**

Demographic information is elementary to determine the demand for housing and to be able to cater for the needs of the population. The size of households, the age distribution, whether there are more young or old people, the unemployment rate and other demographic features determine the needs of the population as well as what they can afford. Based on this information, a municipality can make its plans for the delivery of housing that will be fit for their specific area.

**Unemployment**

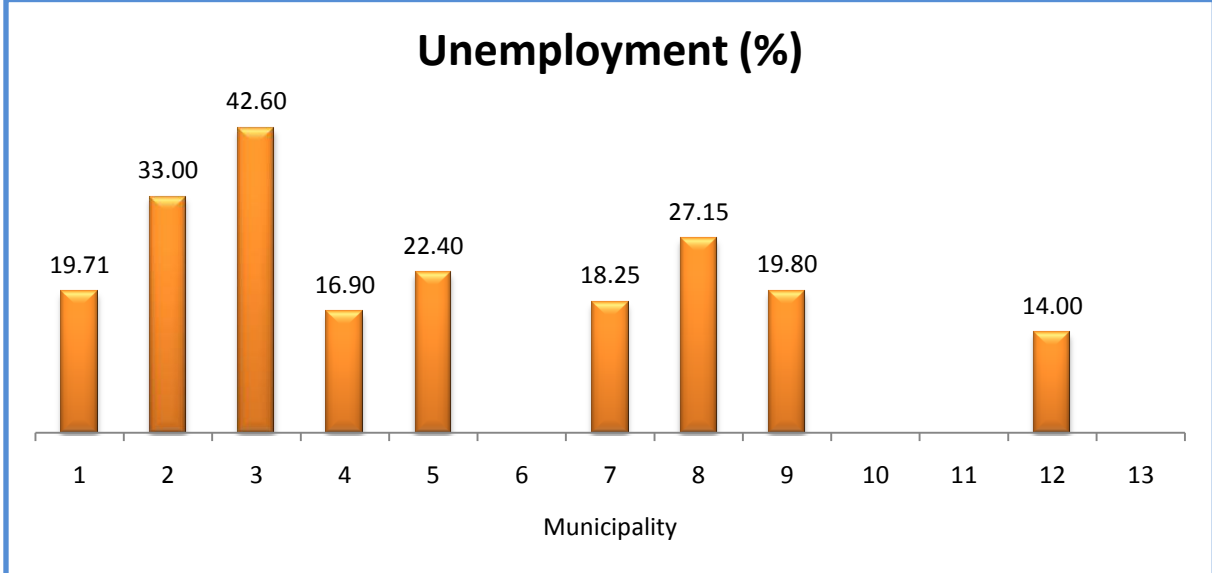
The level of unemployment is a factor that highly influences the kind of houses that are in demand and the challenges that municipalities are dealing with. Especially for social housing, unemployment is an important feature.

One of the basic elements of social housing is the fact that the tenant needs to be able to pay the monthly rent. People without an income cannot afford rent and will therefore not be able to make use of social housing. The unemployment rate in a municipality is one of the very useful indicators for the demand for social housing.

A higher unemployment rate will most likely be an indication for a higher demand for subsidised housing and then specifically the subsidised ownership programmes. In urban areas the demand for temporary housing may be higher because of people working there, but not wanting to settle there. For these kinds of people, social housing can be an option (provided they fall in the income brackets for the social housing target group).

In Graph 4 an overview is given of the unemployment levels in the municipalities. The data is based on the information as was received from the municipalities. The national unemployment rate in the third quarter of 2010<sup>1</sup> is 25.3%. Only three of the nine municipalities that answered this question have a higher unemployment rate. Though, the rate in municipality 3 is very high and is a matter of concern. Four municipalities did not provide the information on the unemployment rate.

Graph 4 Unemployment Rate (%)



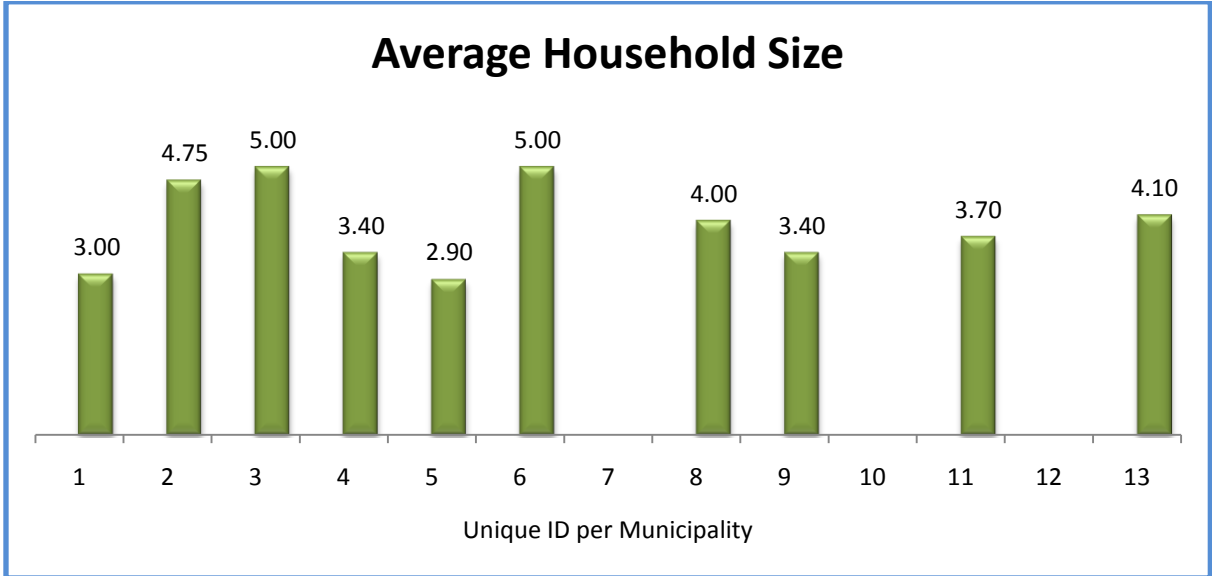
Though, in general the unemployment rate will give a good indication of affordability, it does not mean that all people who are unemployed cannot afford anything on housing. Many people will be living with family that supports them financially and many people may be registered as unemployed, but can have some kind of informal work or income through a social grant. Therefore, these people will be able to spend money on affordable housing, but will not be able to apply for a bond. For some of those social housing would be an option.

In South Africa, and especially in its urban areas, there is a trend moving from large households, with extended family, towards smaller households. This means that the demand for housing will not run parallel to the increase of the population. One will most likely see a rising demand in smaller housing units and a more diversified demand for housing typologies. Social housing plays an important role because of its urban character and the supply of units in different sizes.

<sup>1</sup> [www.statssa.gov.za](http://www.statssa.gov.za) (06/11/2010)

People in different situations or phases of their lives, have different needs. This will be most visible in urban areas. The average household size is one of the indicators for this trend. In Graph 5 it shows that the average household size varies from around three to five persons per household. Most of the lowest scoring municipalities are metropolitan municipalities. That could mean that the trend towards smaller households is more common in urban areas. The difference between the highest and the lowest level here is a little bit more than two persons per household.

Graph 5 Average Household Size



The size of the average household is a trend that municipalities will need to monitor carefully to ensure that planning for social housing and the social housing delivery still match the demand. Watching the trends in other similar municipalities as well as the national trend can further assist in making a prognosis for the future demand. This benchmark and possible future benchmarks can be a tool for this.

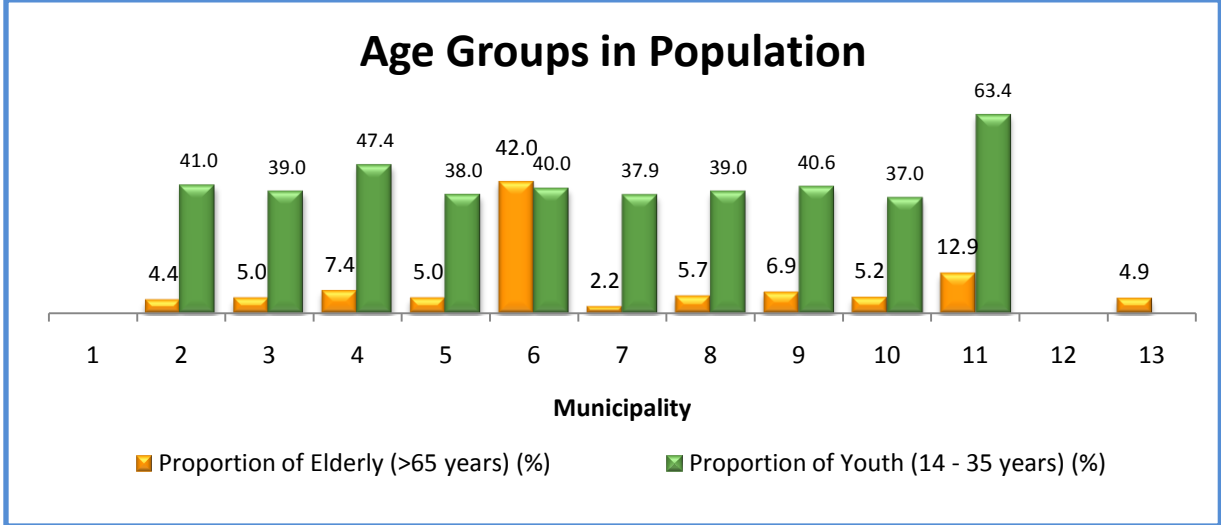
The average household size should be taken into account by municipalities when they are planning for social housing, but also for housing in general. Though, the trend towards smaller households should not be forgotten. Municipalities that now have a large average household size may need to look into the reasons behind it. In some cases the size of the households is not out of choice, but out of necessity because people cannot find proper and/or affordable (rental) accommodation and therefore need to share. To determine whether or not that is the case and whether social housing would be needed to accommodate the people properly, research will need to be conducted. This research should inform the housing plans of the municipality.

*Specific groups in the population*

In the questionnaire, the municipalities were asked to specify the percentages of elderly, youth and indigent people in the municipality. These data can be of great significance to determine the current and especially the future demand for housing and for social housing specifically. Knowledge of the composition of the population will enable a municipality to facilitate the delivery of the kind of housing that the population needs. Many of the municipalities have a young population with 35% to 40% of youth in their population.

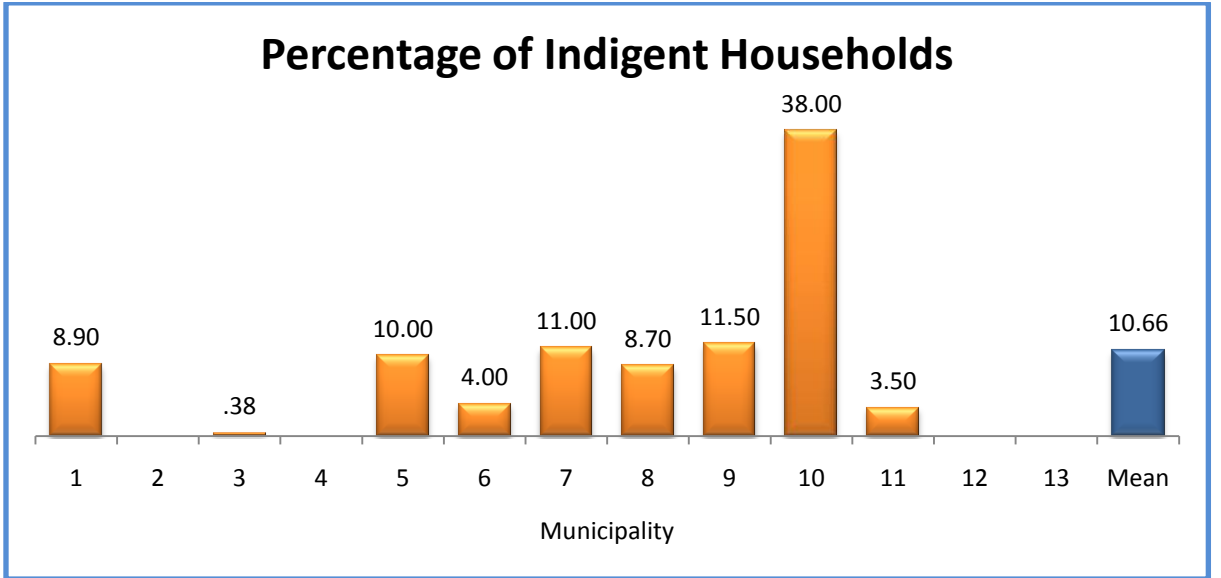
The exceptions are municipality 11 with a high level of youth and municipality 6 with a high level of elderly.

Graph 6 Age Groups in the Population



A high proportion of youth in the population could have a large impact on the demand for social housing. For young people who are looking for their own accommodation, it is often difficult to find something that is affordable and fits their needs. Many people who are at the beginning of their careers are not able to acquire a bond yet, or maybe do not want to permanently settle in one place yet. For them, social housing gives them affordable accommodation with the flexibility they need.

Graph 7 Percentage of Indigent Households



The level of indigent households is shown in Graph 7 and shows a range from as low as 0.38% to as high as 38%. Municipalities with a high level of indigent people need to make provision for free housing and free basic services, which can put pressure on their budget. Municipality 10 is scoring very high compared to the other eight.

Having more than one third of the population registered for indigent support can put a lot of pressure on the financial resources in the municipality. Furthermore, it will most likely also affect the demand for social housing. Because social housing only works when people are able and willing to pay their rent, it will not be a suitable housing option for indigent people. Therefore, with a high indigent proportion in the population, the demand for social housing will be lower in a municipality.

### Summary

In section 1 an overview is given of some of the financial and demographic characteristics. The operational and capital budgets of the municipalities differ strongly, though per capita they are much more similar with the metropolitan municipalities still leading. The unemployment rates in some of the municipalities are very high which can be of influence on the housing demand. Municipalities further need to monitor the average household sizes. A diminishing household size can mean a higher demand for housing and for different kinds of units. High average household sizes could mean that households are sharing their accommodation because they cannot find suitable and affordable accommodation.

## Section 2: Policy and Legislation Framework

In section two of the questionnaire, municipalities were asked about their policies and strategies regarding social housing. Further questions were asked about what they consider to be the most important roles in housing based on the legislation and what kind of practical functions they are currently performing.

Municipalities were given a list of 13 roles in housing, derived from different pieces of housing legislation. They were then asked to indicate which ones they considered to be the five most important roles. In Table 1 the results of this question are given, the left column shows the roles that the municipalities could choose from, whereas the right column shows the frequency in which they have been selected by the municipalities. The roles are sorted according to the frequency in which they were mentioned by the municipalities. Although municipalities were asked to indicate the five most important ones, some municipalities ticked more than five roles, which led to a total frequency of 70 instead of 65.

**Table 1 Five Most Important Roles in Housing**

Our Role in Housing	Frequency
The initiation, planning coordination, promotion and enablement of appropriate housing development	13
Identification and designation of land for housing purposes	12
Setting municipal housing delivery goals	11
Planning, funding and provision of bulk engineering services	10
Facilitative support to housing delivery agencies	6
The creation and maintenance of a public environment conducive to viable development and healthy communities	4
Regulation of land use and development	4
Provision of community and recreational facilities in residential areas	3
Land planning in areas under your jurisdiction (ito laid down performance criteria, possibly at prov and even nat level)	3
Provision and maintenance of revenue generating services (if not provided by specialised utilities / suppliers)	2
The regulation of safety and health standards in housing provision	1
The mediation of conflict in the development process	1
<b>Total</b>	<b>70</b>

As can be seen in Table 1 above, most municipalities have prioritised:

1. The initiation, planning, coordination, promotion and enablement of appropriate housing development (13)
2. Identification and designation of land for housing purposes (12)
3. Setting municipal housing delivery goals (11)
4. Planning, funding and provision of bulk engineering services (10)
5. Facilitative support to housing delivery agencies (6)

Most of these roles are related to planning. This would seem logical considering the juridical obligations of municipalities regarding housing, being the facilitation and planning for housing.

Municipalities were also asked which functions in housing they are currently performing. The results of this question are given in Table 2 below.

**Table 2 Frequency of Current Functions Performed**

Current Function	Frequency
Making housing policies/plans	13
Educating homeowners / rental tenants	13
Managing housing projects	12
Availing land/plots	11
Managing the waiting list	11
Allocating housing and administrating transfer of ownership of houses	11
Monitoring housing projects	11
Assessing housing needs/collecting demand data	8
<b>Total</b>	<b>90</b>

Looking at the functions that municipalities are performing, it is clear that they are executing a range of crucial functions in the delivery process of social housing. Though, there is still a lot of discussion around the mandate for housing and which sphere of government should have the funded mandate. From these functions it seems that many of the most important functions in the whole delivery process are already at the local level. The accreditation process for municipalities should give more clarity on the capacity of municipalities to also take on the financial functions.

*Planning and strategy documents*

When one looks at the planning instruments that municipalities have in place for social housing, as given in Table 3, it is striking that most municipalities (10) have a housing chapter in their IDP and out of those ten, seven have included social housing in their housing chapter. Seven municipalities have a housing strategy, of which five include social housing. The three municipalities that don't have a housing chapter also don't have a housing strategy, though all of them claim to have planning for social housing included in the SDF and two of them have designated land for social housing. There are two municipalities that have a housing chapter, but no housing strategy.

**Table 3 Planning Documents for Social Housing**

Municipality	Housing Chapter in the IDP	Housing Chapter includes Social Housing	Housing Strategy	Housing Strategy includes Social Housing
1	No	N/A	No	N/A
2	Yes		Yes	
3	No	N/A	No	N/A
4	Yes	Yes	Yes	Yes
5	Yes	Yes	Yes	Yes
6	Yes	Yes	No	N/A
7	No	N/A	No	N/A
8	Yes	Yes	Yes	Yes
9	Yes	Yes	Yes	Yes
10	Yes	Yes	Yes	Yes
11	Yes		Yes	
12	Yes	Yes	No	N/A
13	Yes	No	No	N/A

Overall, it can be considered that most municipalities have the necessary planning instruments in place. In the benchmark process there was unfortunately no opportunity to investigate the quality of the planning documents. Therefore, there can be big differences in quality between the documents in the different municipalities.

Though, many municipalities seem not to be drafting the documents themselves and not always having it aligned with the actual delivery. As can be seen in Table 4 the majority of the municipalities (10) have set housing delivery goals. The policies and strategies are in the majority of cases either completely (5) or partially (3) outsourced.

**Table 4 Planning in Municipalities**

Municipality	Set housing delivery goals	Development of policies/strategies for housing	Monitoring of the policies/strategies in the sense that the goals/targets are checked against the delivery	Policies/strategies reflect the actual development/work
1	Yes	Outsourced	No	No
2	Yes	both	Yes	Yes
3	No	Outsourced	No	No
4	Yes	in-house	Yes	Yes
5	Yes	in-house	Yes	No
6	Yes	Outsourced	No	No
7	Yes	in-house	Yes	No
8	Yes	both	Yes	Yes
9	Yes	in-house	Yes	No
10	Yes	both	Yes	Yes
12	No	Outsourced	Yes	Yes
13	Yes	Outsourced	Yes	Yes

The disadvantage of having plans developed by outsiders is that they are not always up to date with details of the local situation. The officials know much more of the local situation, because they are working with it daily. Furthermore, the ownership of the document will be lower when it is developed by outsiders. In the end the officials need to work with the plans and policies that have been drafted. Officials need to be able to work with the planning documents, instead of it being something that municipalities have to produce for compliance purposes only. When policies and long-term plans are not translated into the daily work of the housing department, there is a large risk that one is only looking at the short term needs and not at what will be needed in the longer term.

When planning is not done properly, one often sees individual projects being developed throughout the municipality instead of multiple projects that are all part of a bigger plan and contribute to the same goal or vision of the municipality. The outsourcing of development of planning documents is a common trend in the country, so it's not limited to the benchmark group.

Where municipalities do not have the capacity to develop their own policies, they will need to find a way to include external service providers, but ensuring that the ownership of the documents is with the municipality.

In Table 4, three municipalities indicated that for the monitoring the goals/targets are not checked against the delivery and half of the municipalities that answered this question indicated that the policies/strategies do not reflect the actual delivery/work at the moment. The last point is an issue of concern, if planning and implementation do not match, it is necessary to investigate what causes this gap and how it can be overcome.

### Summary

With regard to the roles that municipalities consider important in housing and the roles they are currently performing, there is a lot of consensus between the participating municipalities. Municipalities are important stakeholders in the field of housing. Planning is one of the major tasks of municipalities. In the benchmark it was investigated whether or not planning documents were in place, but it was not possible to research the quality of the documents and the differences between municipalities. This may be an issue that should be included in possible future benchmarks.

The number of municipalities that outsource the development of their planning documents is considerable and it would suggest that the capacity is not sufficient to do it in-house. It would be preferable to have municipalities develop their own planning documents and therefore further investigation into the reasons behind this, would be preferable.

Monitoring is supposed to be well aligned with the delivery goals, but the actual delivery is not matching the plans that were made in more than half of the cases. This is a matter of great concern. The causes of this mismatch need to be explored and ways to solve this need to be developed. Those municipalities that do have their delivery matching the plans, could function as examples for the others.

### *Section 3: Institutional arrangements and resources*

In the first questionnaire that was sent out, the participating municipalities were asked to indicate the provincial and municipal contributions to their budget for housing for the financial year 2009/2010. During the second benchmark meeting it became clear that it was very difficult for municipalities to provide the information in the requested format. Therefore, after discussions with the municipalities, the question was resubmitted to the municipalities in another format, requesting the number of subsidies that were used for housing and specifically for social housing, in the municipality over the last three financial years and the total amount of the subsidies.

Even in the new format, this question remained difficult to answer for municipalities. Only one municipality indicated that subsidies for social housing had been spent in the municipality in the last three years. The other municipalities either filled in zero or did not answer the question. The reason for not filling in this question can be that municipalities do not have this information, or that it would take too much time to look for it. Either way, municipalities should, at all times, know how many projects and how many units are being subsidised in their area of jurisdiction.

The situation of municipalities not knowing how many subsidies for social housing have been spent in their municipality is disturbing. Although the subsidies are flowing from the provincial government directly to the delivery agents, municipalities are involved in the projects as well and should know how many units are built in their municipality. Municipalities have an important role in the delivery of social housing and they have to monitor the delivery by the SHIs through performance agreements. In most cases the municipality is also financially involved by giving financial support or support in kind. That support links the municipality to the SHI and is all the more reason for the municipality to monitor the performance of the SHI and to make sure they use the resources properly and deliver what is needed in the municipality.

The information with regard to subsidies for ownership is known by six municipalities. This is still very limited for a group of thirteen municipalities. Therefore, it is impossible to give any valid comparison of the municipalities in this matter. The only conclusion that can be drawn here is that municipalities are not well informed on the subsidies that are spent in their municipality, especially on rental housing. If the reason behind this is that municipalities do not receive this kind of information from the other spheres of government, then the flows of information should be improved. With regard to social housing, this information should be known by the municipalities through the interactions with provincial government and SHIs in the Provincial Steering Committees (PSCs). It may be necessary to do research on the functioning of these committees.

#### *Institutional arrangements*

All municipalities in the project have indicated to have a housing department within their municipality. This already indicates the relevance of housing for the municipality. Four municipalities do not have a specific department for social housing. One of those municipalities indicated to have this outsourced to their municipal entity (SHI).

In Table 5 an overview is given of the responses from the municipalities regarding the number of employees in the housing unit and the level at which they work. The information regarding the different levels was retrieved from follow-up questions in the second questionnaire.

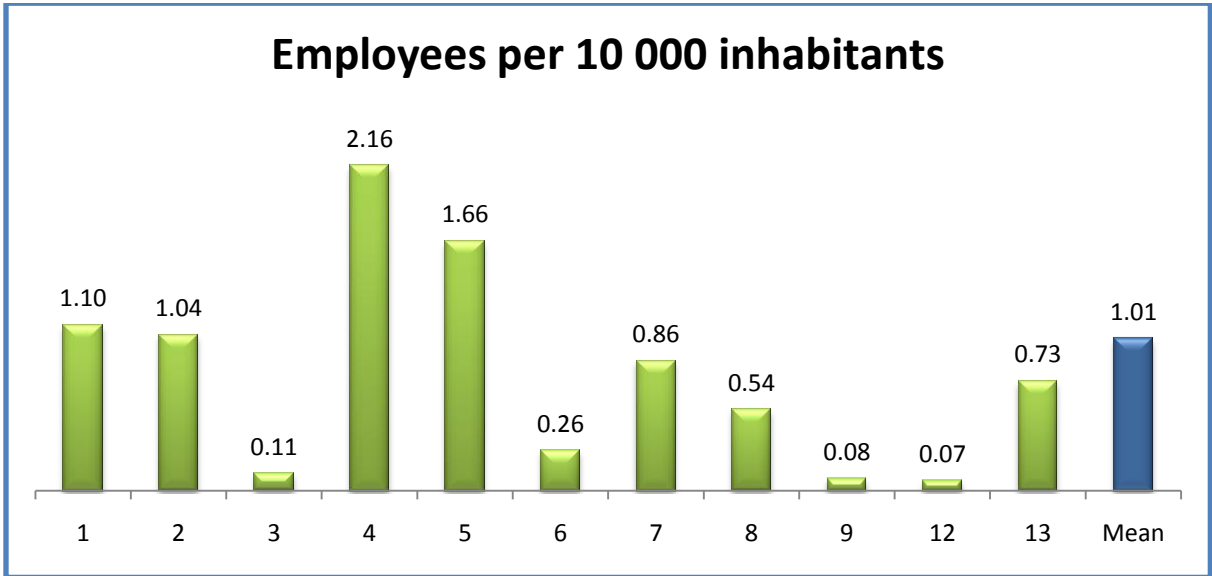
This questionnaire was not returned by one municipality and another municipality did not fill in this question. Therefore, only the data of eleven municipalities is displayed.

**Table 5 Number of Employees in Housing Departments**

Municipality	Head of department in housing unit	Senior positions in housing unit	Junior positions in housing unit	Administrative positions in housing unit	Total number of employees
1	1	4	8	70	83
2	3	6	135	215	359
3	0	2	2	2	6
4	15	117	353	229	714
5	1	46	44	540	631
6	1	4	6	5	16
7	1	3	11	6	21
8	1	11	23	4	39
9	1	18	0	0	19
12	1	3	4	11	19
13	1	4	24	16	45

The number of employees in the housing departments in the municipalities varies from 6 to more than 700. This large difference will first of all be caused by the size of the municipality and the tasks in housing that they perform. Metropolitan municipalities have more employees than local municipalities. When looking at the number of employees for housing per 10 000 inhabitants we get the following data, as shown in Graph 8 below.

**Graph 8 Employees per 10 000 Inhabitants**



By linking the number of employees to the population, it becomes clear that the differences between the municipalities are actually quite large. The average number of employees per 10 000 inhabitants is 1.01.

There are four municipalities that score lower than 0.5 (municipalities 3, 6, 9, 12) and there are two municipalities who have more than 1.5 employees per 10 000 inhabitants (municipalities 4 and 5). Municipalities 4 and 5 are both large municipalities and have relatively the most employees, though municipality 9 also has a large population, yet is one of the lowest scoring municipalities despite its size.

One would perhaps expect that there would be a positive correlation between the number of employees per 10 000 inhabitants in the housing department and the number of units that are being delivered in the municipality. Because almost all of the data on the delivery of social housing was insufficient, it is impossible to investigate a possible correlation between the relative number of employees and the delivery.

Although there are large differences in the number of employees in the housing departments, one thing that the municipalities have in common is the fact that they have vacancies in their departments. An overview of the vacancies and the levels at which there are vacancies is given in Table 6 below.

One of the municipalities did not fill in this question, another did not return the questionnaire at all and therefore, the data of 11 municipalities are included in this table.

**Table 6 Vacancies in Housing Departments**

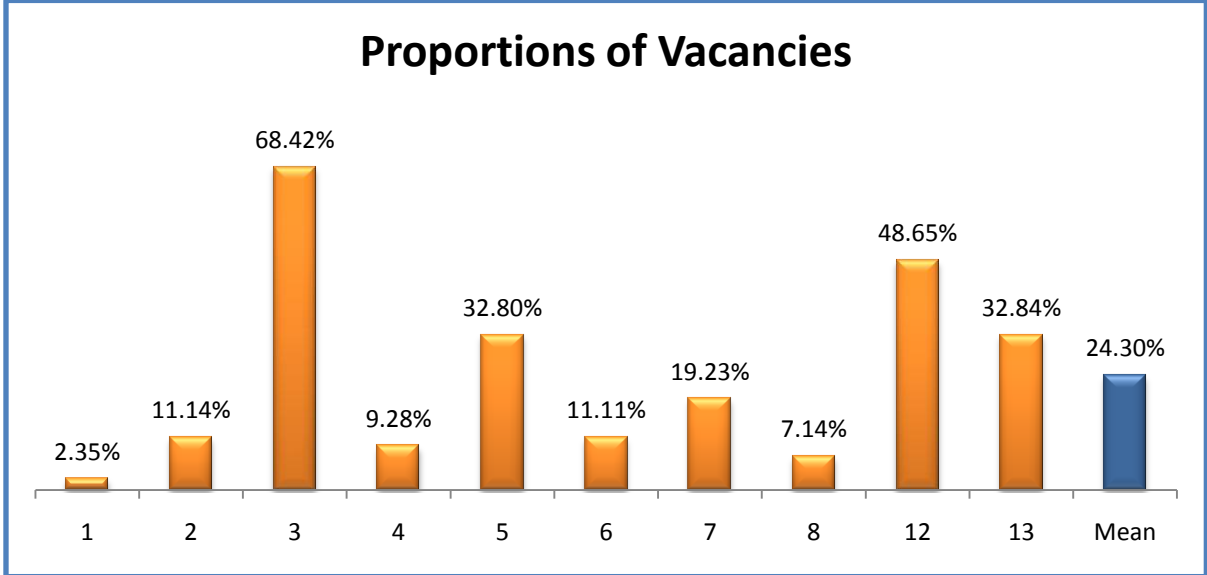
Municipality	Vacancies HoD positions	Vacancies in Senior Positions	Vacancies in Junior Positions	Vacancies in Administrative Positions	Total number of Vacancies	Total number of employees
1	0	1	1	0	2	83
2	2	2	17	24	45	359
3	1	4	6	2	13	6
4	3	24	25	21	73	714
5	1	93	94	120	308	631
6	0	2	0	0	2	16
7	1	1	2	1	5	21
8	0	0	3	0	3	39
12	0	1	8	9	18	19
13	0	1	11	10	22	45
Mean	0.80	12.90	16.70	18.70	49.10	193.30

The most vacancies are at administrative and junior positions. Of course these are also the levels that need the most staff. There are big differences between the municipalities in the number of vacancies, but this also depends on the size of the municipality and the number of staff they need to perform their functions.

In Graph 9 the proportion of vacancies is given. The percentages indicate the number of vacancies in relation to the total number of employees when all positions are filled. This shows that on average approximately a quarter of the positions are not filled. Three municipalities have less than 10% vacant positions; especially municipality 1 is scoring well. Four municipalities have a more than average proportion of vacancies. Of these the situation in municipality 3 is worrying, where two thirds of the positions are vacant. Of course there will always be a flow of staff and vacancies, to a certain extent, are normal.

Though an average of a quarter of the positions being vacant does seem a lot. A comparison with other spheres of government and the private sector would perhaps give a better insight in this matter.

Graph 9 Proportions of Vacancies



When asked for the reasons of the vacancies, almost all municipalities mentioned that there is a lack of funding to fill the positions. Some other reasons that were given, were more related to processes in the municipality and red-tape. Some municipalities were waiting for processes such as the local government elections of 2011, IDP and accreditation processes and council approval of the organogram. One municipality indicated that political interference was delaying the filling of the vacancies. If housing departments are inadequately capacitated because they have to wait for these kinds of processes, it will be very difficult to get all positions filled. Delivery cannot happen if the housing departments are not staffed.

*Alignment with other departments*

The alignment between social housing and other municipal services was differently interpreted by the municipalities. Some emphasized the internal alignment in the municipalities with other departments, others focused on the alignment of the work with SHIs. The internal alignment was mostly done through planning instruments, such as the IDP, SDF and Housing Chapter. Other municipalities also made use of meetings with the relevant departments, steering groups, task teams, etc.

One municipality, of the twelve that returned the questionnaire, noted that there was no proper alignment of social housing with other departments. When asked whether other departments had included the development of future housing projects in their planning and budget, two municipalities responded negatively. So in general municipalities consider the alignment between social housing and other departments as good. It would be interesting to find out how exactly the municipalities ensure this alignment and how it is translated in the actual delivery processes.

## Summary

In Section 3 we saw that most of the municipalities do not have all the information on the amount and the number of subsidies that have been spent in their municipalities. Especially the data for the social housing subsidies was missing. This would suggest that municipalities do not know what is happening in their municipality and how many social housing units are being built. Municipalities are an important stakeholder in the delivery of social housing and have to work closely together with the delivery agents to ensure the delivery of social housing to their population. In most cases the municipality provides financial or in kind support to the delivery agent and has to sign performance agreements with them according to the Social Housing Act. Therefore, municipalities should be aware of the number of units that are being built in their area of jurisdiction.

Furthermore, in all provinces there should be Provincial Steering Committees in place where the province, municipalities and SHIs meet regularly to monitor the social housing projects that are in preparation and that are being implemented.

The lack of data on the delivery of social housing is alarming. One would need to investigate why municipalities were not able to provide this information. If they do not have access to this information themselves, it needs to be ensured that they will in future, either through better alignment with the other spheres of government who are responsible for the subsidies, which will be the Social Housing Regulatory Authority in the near future, or by improving the communication through the Provincial Steering Committees.

The data on the number of employees per 10 000 inhabitants gave a highly differentiated picture. Because it is not possible to compare this to the level of delivery, a correlation between the number of employees and good or bad delivery cannot be made.

With regard to the vacancies some of the numbers are alarming. While some municipalities have a very low vacancy rate, others have half or more of their positions vacant. Although most of the vacancies are at the lower levels (junior and administrative positions), they will still need to be filled for the municipalities to do their work. On average the vacancy rate was around a quarter of all positions. This should be compared to other spheres of government and the private sector to get a good indication of how good or bad this rate is. Furthermore, municipalities with a high vacancy rate, may be able to learn from other municipalities on how to acquire the necessary staff and how to prevent these kinds of situations in the future.

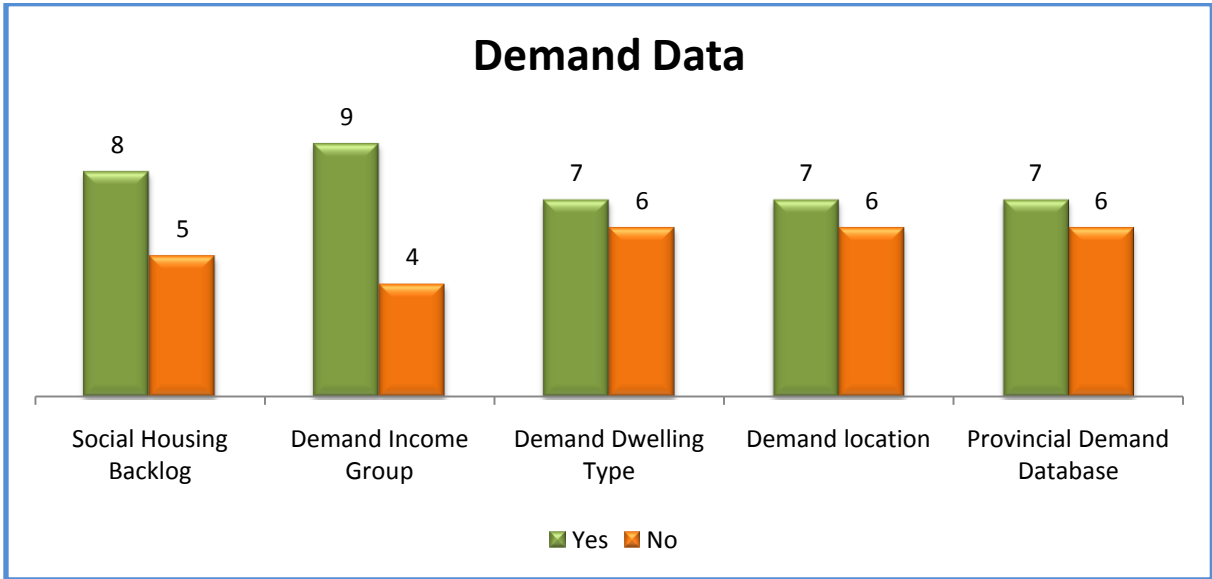
**Section 4: Current Social Housing Status**

Municipalities have been asked several questions regarding the current status of social housing in their municipality. These included questions regarding the demand, the presence of Restructuring Zones (RZs), the availability of land, the political support and the current rental housing stock in the municipality.

*Knowledge of the demand for social housing*

To provide housing to the population requires proper planning to ensure that the supply meets the local demand. Especially in social housing it is important to have detailed information of the target group, its preferences and the affordability. Municipalities were asked whether they have recent overviews of the demand for social housing according to certain criteria. They were further asked whether they were connected to the provincial housing demand database, which would be an indication that they have easy access to reliable and recent data. As can be seen in Graph 10 a small majority of the municipalities do know what the backlog in social housing is and what the demand in the income group is, but this is information that every municipality should have. Further detailed information on dwelling type and location are also missing in quite a lot of municipalities. This kind of information should be guiding the municipalities in the planning for housing, without it, it is not possible to plan for and implement housing that is based on the needs of the population.

**Graph 10 Overview Municipal Demand According to Different Criteria**



All municipalities that have SHIs in their area mentioned that the SHI has a waiting list for their stock. These waiting lists do give an indication of the demand for rental housing, but don't give a full overview. It only provides information of people who have registered for a unit in a certain (existing) social housing complex.

Not all the thirteen municipalities in the benchmark have implemented social housing projects yet, since the Social Housing Act came into place. Though, some have already had several projects implemented in their municipality but do not have a proper overview of the demand in their municipality. Delivery of social housing should be based on the needs of the population. Therefore, one needs to find out what those needs are.

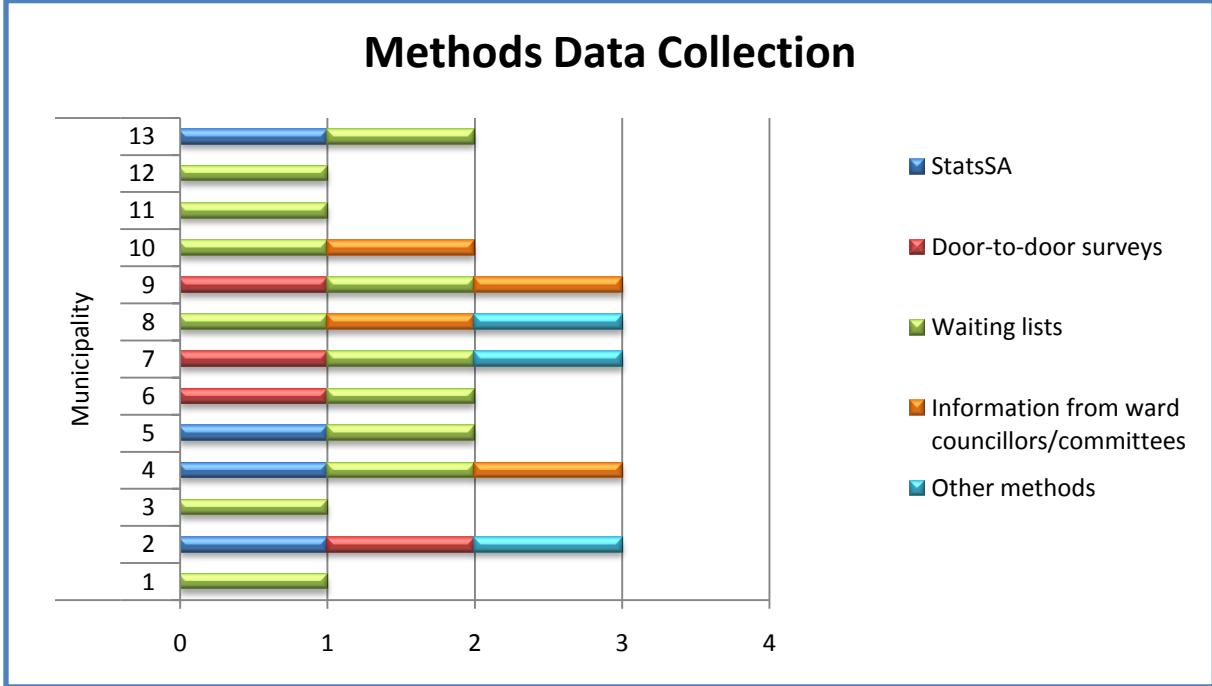
This should not be done by officials and/or politicians in a meeting room who think they know what the people want, but should be done through proper research or based on databases in which people have indicated their needs.

In some cases where social housing projects have already been implemented and the demand turned out to be higher than the supply, municipalities can conclude that they will need more of the same kind of housing units. Nevertheless, with detailed information on the target group and its needs and wishes, the delivery of social housing can be suiting the needs better.

Six of the thirteen municipalities are connected to the demand database of the province. This is a good instrument to keep updated on demand data. It would be advisable for municipalities to ensure this link, besides the research or other forms of data collection they can perform.

The municipalities were further asked which methods they use for the collection of data on the demand for social housing in their municipality. As can be seen in Graph 11 almost all municipalities make use of waiting lists. For four of them that is the only source of information on the demand for social housing in their area. The quality of the waiting lists can be very diverse. Many waiting lists are used for the application of ownership subsidies, such as RDP houses. They do not cover the full target group for social housing and do not specify whether people are willing to rent or want to own. A database that can be used for the demand in social housing will need to include the full income target group for social housing, whether people want to rent, where they would want to live, etc. Only with these kinds of details one can plan and implement social housing in a demand-driven way.

Graph 11 Methods Used for Data Collection



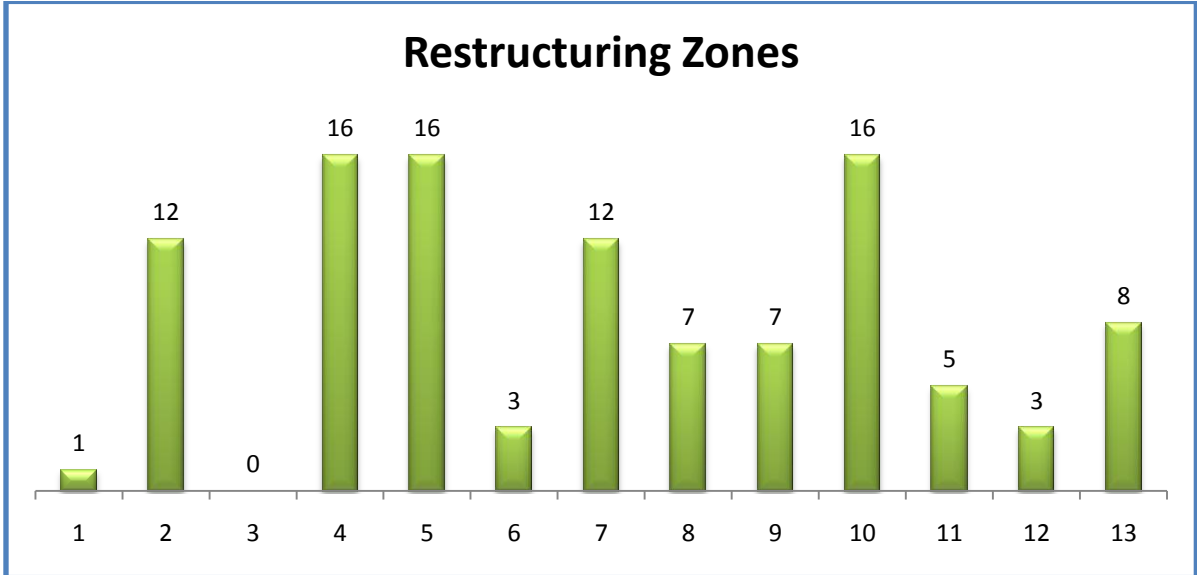
Five municipalities make use of three different methods to collect their data. This will improve the reliability of the data and consequently increase the possibilities for good planning and implementation.

Under the heading 'Other methods' three different methods were mentioned, one of them is specifically interesting and might be a good option for more municipalities. The municipality made use of a dwelling count and aerial survey. Municipalities can make use of each other's experience to find a method or methods of data collection that can provide them with information that is reliable and easy to keep up to date.

*Restructuring Zones*

Restructuring Zones (RZs) are a specific characteristic for social housing. Municipalities need to identify RZs to be able to implement social housing project in their areas of jurisdiction. RZs need to be carefully identified, not leaving out any areas for possible future projects. Of all the municipalities, only one indicated not to have any RZs identified. This is a local municipality, which has not yet implemented social housing, nor has it any projects in the pipeline.

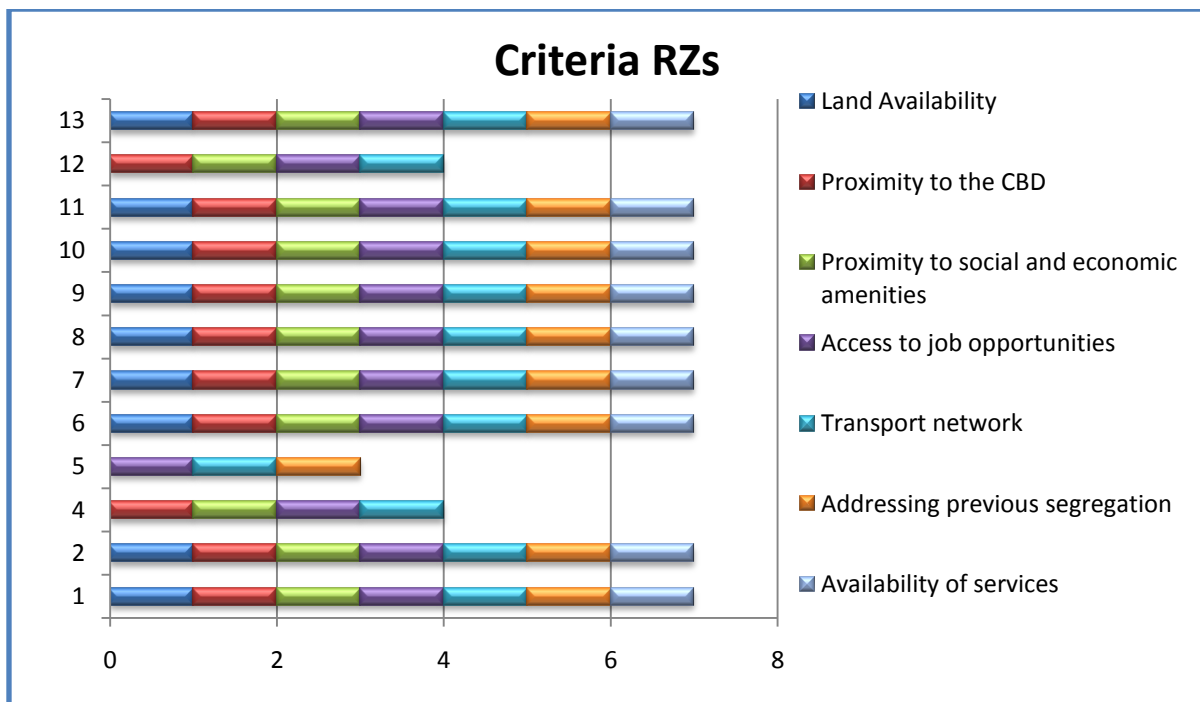
**Graph 12 Number of Restructuring Zones**



Of those municipalities that have RZs, the number of RZs varies from one to sixteen. In most of the cases the number of RZs is related to the size of the municipality. Metropolitans score high here. Though, there is one local municipality with twelve RZs. This seems a bit much for a municipality of that size. The approval of the RZs by the Council has been done in most cases, yet the approval of the provincial government has only been achieved in six municipalities.

When asked for the criteria that were used to identify the RZs, ten of the municipalities indicated to have used all of the mentioned options. Note that this question was not applicable in one case where the municipality has not yet identified RZs.

Graph 13 Criteria for Identification of Restructuring Zones



Four municipalities indicated that not all criteria that they had ticked were applicable for all identified RZs. There were different criteria used for different RZs, often depending on the location.

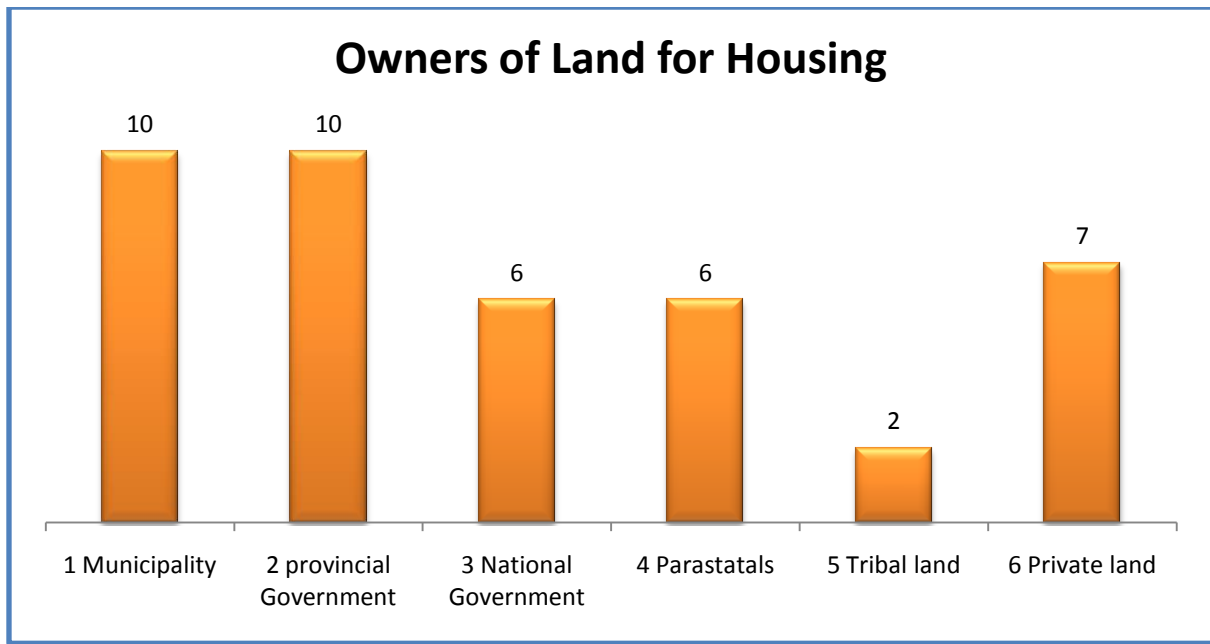
Restructuring Zones are a new phenomenon in South Africa and municipalities are all trying to search for the right locations that fit the criteria as they were published by the National Department of Human Settlements. It may be recommendable for municipalities to share more about what makes a certain area suitable as a RZ and what the role of social housing should be in that area to achieve the objectives as they are described in the national social housing policy.

#### *Land for housing*

One of the main challenges that municipalities indicate for the implementation of housing is the shortage of suitable land for housing. In the first questionnaire, the municipalities were asked to give an overview of the owners of land in the municipality that would be suitable for housing purposes. As can be seen in Graph 14, in most cases the municipality and the province are the owners of the land. In two municipalities some of the land that is suitable for housing is tribal land. One of these municipalities indicated that this is a major dilemma, because it severely limits the municipality in the possibilities to expand. The delivery of social housing and indeed all sorts of housing, on tribal land is more complicated because of the communal character of the land.

Overall, it can be concluded that in most cases the land that is suitable for housing purposes is owned by either a sphere of government or a parastatal.

Graph 14 Owners of Land for Housing



All municipalities have indicated that they have land available for housing, but during the second benchmark meeting it became clear that the available land is very limited. Therefore, in the second questionnaire, a question was included for municipalities to indicate the number of parcels and/or the total number of hectares that are available. The results are shown in Table 7. The land that is available for housing in the municipalities varies enormously, where some hardly have space to extend. Especially in municipalities where the available land is limited, it is more important to make a shift to higher density housing. Although, the majority of the South African public is still very much in favour of low density, there are limits and in some cities especially, those limits will soon be reached.

Table 7 Available Land for Housing

Municipality	Available Parcels	Available Hectares
3	5	
4	8	500
5	300	20 000
6	53	30
7		400
8	10 823	1 865
9	5	1 801
12	7	3 131

With the limited amount of land available of housing purposes and the limited financial resources, it is important for municipalities to get access to land through transfers from parastatals and other spheres of government. As was shown in Graph 11, besides the municipalities, the other two spheres of government and parastatals are also in many cases owners of land that is suitable for housing. Though, transfer processes are a challenge for many municipalities.

There are processes in place to transfer land from these actors to the municipality. Unfortunately, these processes often take too long. All municipalities have had experience in the process, though only five of them had actually had land transferred from the national government, provincial government, or parastatals. The experiences of the municipalities were often bad, only the municipalities 3 and 13 have positive experiences with the transfer of land. The most occurring comments on land transfer are:

- The process takes a long time and delays the delivery;
- Other spheres of government are reluctant to transfer the land;
- Parastatals, such as Transnet do not transfer, but sell for market value.

These processes make it more difficult for municipalities to identify and make land available for housing. There are many pieces of vacant land, owned by any of the above mentioned institutions that could be used for housing if only the land would be released. Good intergovernmental relations are crucial to make this work, but apparently that is still lacking. The Housing Development Agency (HDA) should be assisting municipalities in the transfers of land.

#### *Political support*

Under the heading of political support, municipalities were asked whether the Council is well informed on the concept of social housing. Only one municipality answered negatively here. Though, the officials who have filled in the questionnaire may be under the impression that the Council has sufficient knowledge of social housing, from experience with Councils it has become clear that many Councillors do not have sufficient knowledge of the matter to make informed decisions. In workshops that have been held for Councillors in these 13 municipalities, it was evident that many Councillors had an incorrect understanding of social housing because of a lack of information. Social housing was often seen as a free form of housing, because of the word 'social'. Education and information to Councillors is important and one should not assume that everybody has the right comprehension of the concept of social housing.

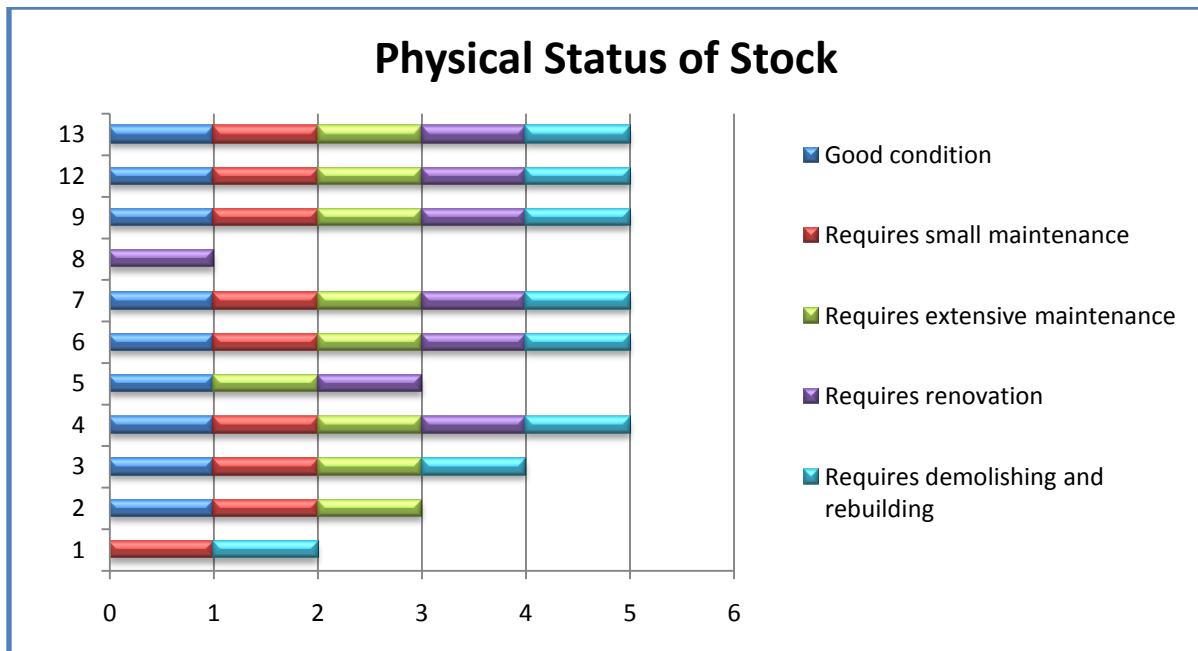
According to ten municipalities the Council still needed further training and/or information. They mentioned that continuous information was needed for Councillors to understand the different housing programmes and to keep informed about the changes in the sector. Especially after the local government elections in 2011 there will be a need to inform the new Councillors.

There is a role here first of all for the officials in the municipalities to ensure that the Councillors get the information they need to make informed decisions. Members of the Housing Portfolio Committees could have more detailed information through workshops or trainings. In addition, it may be good for Councillors to share their experiences and knowledge with colleagues from other municipalities.

#### *Municipal housing stock*

The municipalities were asked to indicate what the status of the rental housing stock in their municipality is. Five indications were provided as can be seen in Graph 15 and municipalities were asked to indicate percentages with these indicators. Unfortunately, most municipalities were not able to provide the latter information.

Graph 15 Physical Status of Rental Housing Stock

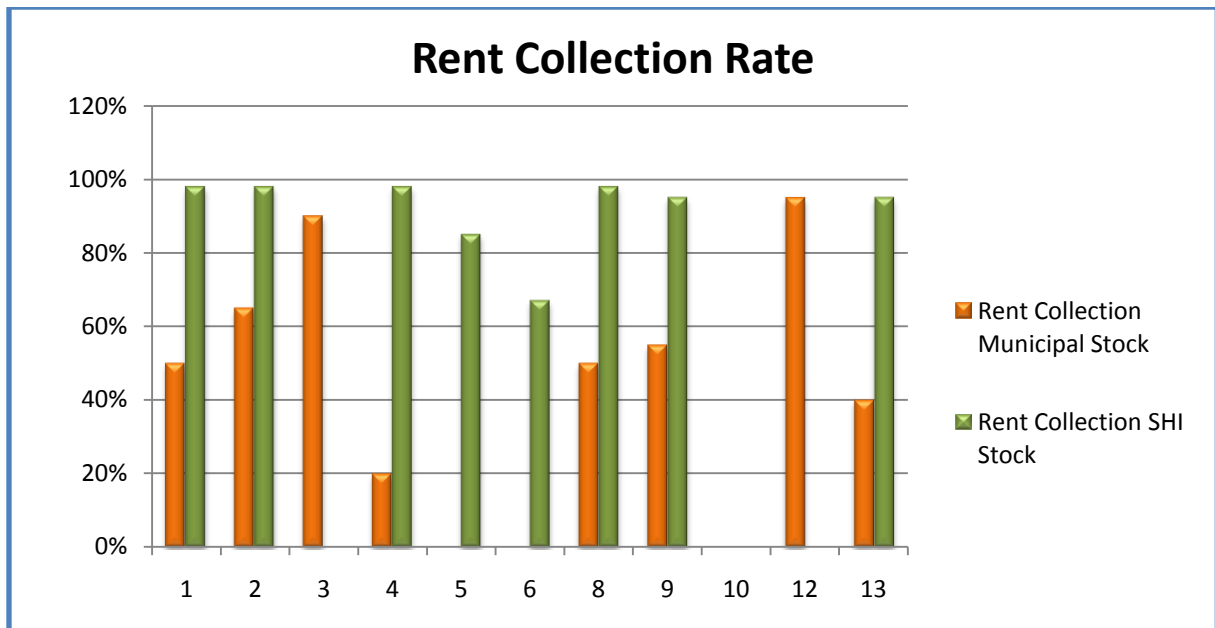


As Graph 15 indicates, all municipalities have stock that needs some kind of intervention, from small maintenance to demolition. These interventions require funding, which is not always available. Many municipalities are struggling with old rental stock that has not been maintained and where the tenants are not paying any rent anymore. Without rental income, it is impossible to maintain stock, let alone have major renovations done.

In general, municipalities have many problems collecting rent from tenants in their own rental housing stock. This is a very complex issue and the causes for these problems are multiple. In Graph 16 the rent collection rates of the municipalities are compared to the rent collection rates of the SHIs in the municipalities. Overall, the SHIs score better in collecting the rent from their tenants, although a few municipalities score very high as well. Two municipalities had a score of 0%, which is not visible in the graph.

Although the causes for the good or bad rent collection rate were not in the questionnaire, it is very likely that the better rent collection of the SHIs is partly caused by the fact that most of the SHIs have relatively new stock, while some municipalities have inherited very old 'problem' stock. Solutions for this kind of stock are hard to find, but it is a common problem among municipalities and certainly something that needs to be shared. Another reason for the difference between SHIs and municipalities in this matter could be the fact that the management of rental housing stock is the daily task of SHIs, while it is only a small part of the municipalities' work. SHIs can dedicate their staff fully to the management of the rental stock and are therefore in a better position to ensure the rent collection. Added to that is the 'distance' with the tenants. Many people have the impression that they do not need to pay rent if the stock is owned by the municipality, because it is public ownership. Other people get free RDP houses, so why should they pay rent and never receive ownership? These issues are only a small part of the challenges of rent collection in affordable rental housing.

Graph 16 Rent Collection Rate Municipality and SHI



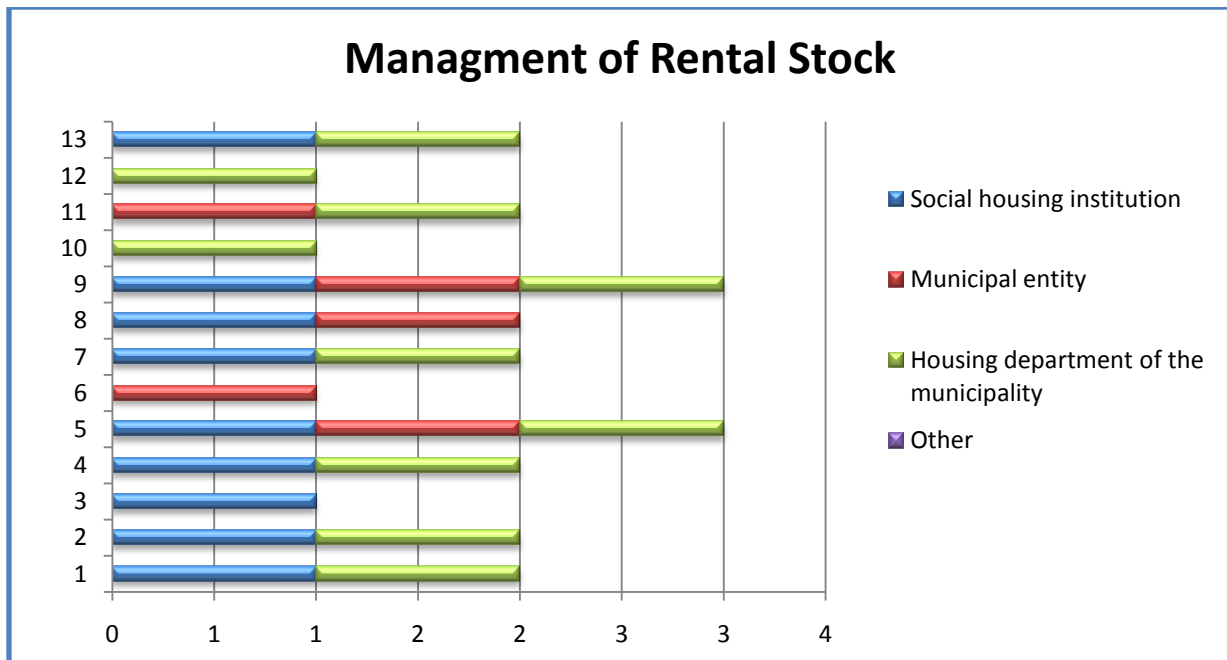
Municipalities 3 and 12, who are scoring very well in the rent collection rate, could be asked to share how they achieve this high level, so other municipalities can learn from them. If municipalities keep having problems with rent collection, an option may be to find out if it is possible to hand over the management of the stock, or transfer the stock to a SHI.

The current management of the rental stock in the municipalities is shown in Graph 14. Ten of the thirteen municipalities have a SHI that is managing stock in their area of jurisdiction. Five municipalities have set up a municipal entity for the management or rental stock, but there are still ten municipalities that have rental housing stock that is managed by the housing department.

When the data of Graph 17 is compared to the data regarding the number of employees per 10 000 inhabitants (Graph 8) and the proportion of vacancies in the housing departments (Graph 9), it shows that municipalities 9 and 12, that both are managing rental stock from their housing department, have a low score in the number of employees per 10 000 inhabitants, 0.08 and 0.07 respectively and that municipality 12 also has proportion of vacancies of 48.65%. The proportion of municipality 9 is unknown because they did not provide the necessary data.

Despite the relatively low number of employees and the high level of vacancies, municipality 12 has a very high rent collection rate. This means that, with apparently limited capacity they are still able to manage their rental housing stock. This is one of the good practices that can be useful for other municipalities. It would be interesting to know how this municipality has managed to perform so well.

Graph 17 Management of Rental Housing Stock



### Summary

In section four of this document we have seen that the knowledge of the demand for social housing is limited in many of the municipalities. Although different methods are used to collect the data, it seems that that is not sufficient. Municipalities that want specific data, especially for social housing, may need to have research done that focuses on social housing and on the needs for certain target groups. There are a few municipalities that have done socio-economic surveys specifically for the demand in rental housing and have benefited from it in the planning of their projects. When the data that is readily available is not giving the information one needs, then the municipality will need to take initiative to find the data it needs in another way.

Twelve of the municipalities in the benchmark have identified RZs, based on a number of criteria. It may be beneficial for all of them to share their experiences in the identification of the RZs and the results it has had after three years of implementation of the social housing interim programme. It would be good to know what positive effects have come from the use of the RZs and what kind of challenges municipalities have encountered. Maybe there can be good practices extracted and shared within this group of municipalities and with municipalities that may be identifying RZs in the future.

The availability of suitable land is always an issue for municipalities. There is limited land available, though some municipalities have much less than others and it is difficult to get land transferred from other spheres of government and parastatals to the municipalities. The Housing Development Agency should be of assistance here. Municipalities 3 and 13 have positive experience with the transfer of land and could function as good practices for the other municipalities. It would be good to know how they have achieved the transfer without too many difficulties.

In all municipalities there is political support for social housing, but not all Councils are completely familiar with the concept of social housing. Therefore, further information to and training of the Council remains important. Exchanges between Councillors of different municipalities may increase the understanding and learning from other experiences.

The management of rental stock is not an easy task. For SHIs it is a full-time job. Each municipality would need to determine what kind of delivery agent(s) would be the best in their case. Overall, SHIs seem to be performing better in the management of rental stock due to a number of factors that puts them in a better position to manage the stock. Municipalities with 'problem' stock for which it seems impossible to find solutions, could contact colleagues from other municipalities that have been able to deal with that issue. One of the good practices in this section was the situation of municipality 12 that had the highest rent collection rate among municipalities, yet had a relatively low number of employees and a high level of vacancies in the housing department.

## Section 5: Social Housing Service Delivery

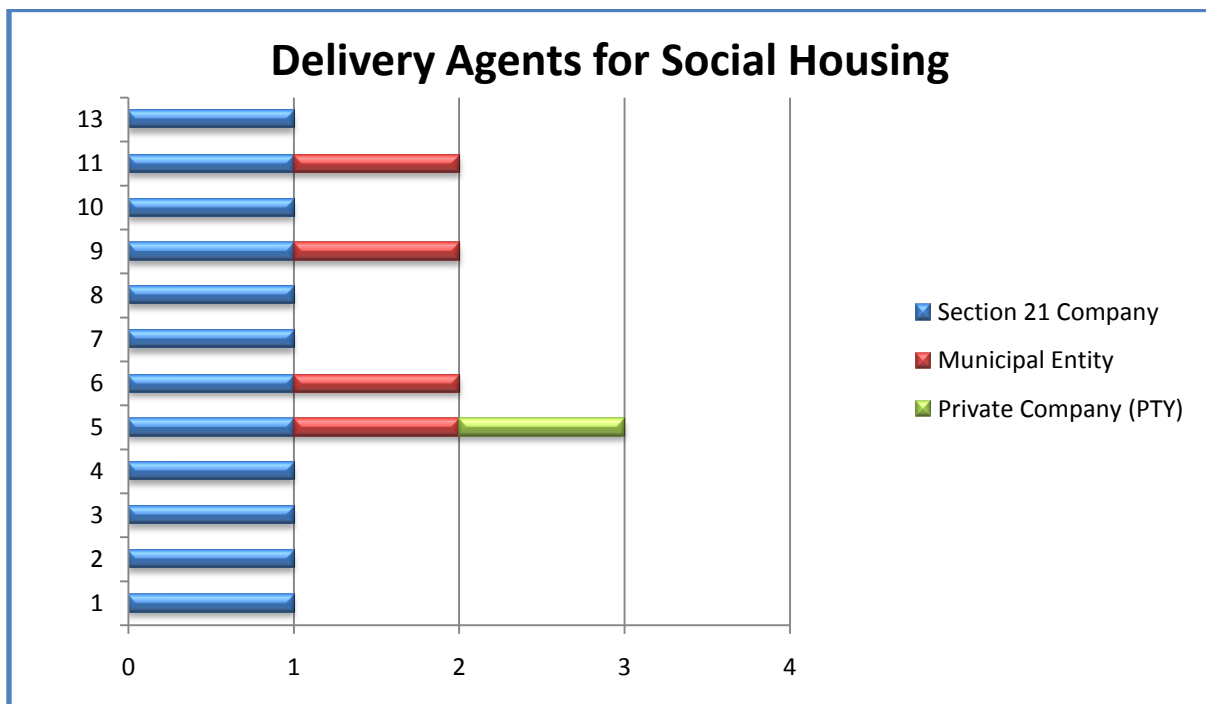
In section 5 of the questionnaire, municipalities were asked questions in relation to the delivery of social housing. The focus in this section is on the relation with the delivery agents of social housing and the delivery that has been accomplished.

### Delivery Agents

Municipalities were asked if there is a delivery agent for social housing present in their area of jurisdiction. Only one municipality responded negatively. This municipality is currently not implementing any social housing projects, but does manage some rental housing stock itself. In Graph 18 an overview is given of the kinds of delivery agents that are implementing social housing projects in the different municipalities.

A remarkable feature in this graph is the one municipality that has a PTY as a delivery agent, besides a municipal entity and a Section 21 Company. The management of the relation with the PTY and the way the delivery has been executed can be a valuable lesson for other municipalities. In social housing there is a need to get the private sector more involved in the delivery of units. If this municipality has successfully done so, then it is a good practice for others.

Graph 18 Delivery Agents for Social Housing



### Performance Agreements

In the Social Housing Act, Performance Agreements (PAs) between the municipality and the delivery agent are described as a requirement for the delivery of social housing projects. The signing of PAs is not only a legal requirement, implementing social housing projects without PAs would be very unwise. In most cases the municipality invests in social housing projects, for example by making land available for free, or a nominal price, or by providing services for lower rates.

When a municipality has invested in such a way, they have to make sure that the delivery agent is delivering social housing units that are affordable for the target group and that fit in the objectives that the municipality has set for social housing. PAs can ensure that both parties will deliver what they promised.

Municipalities were asked whether they had entered into PAs with the delivery agents in their municipality and how those have influenced the delivery of social housing. PAs are an agreement between the municipality and the delivery agent on the terms and conditions of the delivery of social housing and the services that both parties have to bring to the table for successful delivery.

Only five municipalities have indicated to have PAs in place, six do not have PAs and two municipalities did not answer the question. Two of the municipalities that do not have PAs have not yet had any delivery of social housing and therefore no need for PAs yet, though when they do enter into that phase they can tap into the knowledge and experience of the other municipalities. Especially municipality 5, which has made use of three different kinds of delivery agents, may have a lot of experience on how to establish PAs with different kinds of companies.

Four municipalities that have not signed any PAs with their delivery agent(s) still have made some kind of arrangement with the delivery agent on the provision of certain services or assistance. Though, it is necessary to properly document these kinds of arrangements to ensure that the municipality will receive the social housing units.

#### *Delivery*

Currently, there are two kinds of subsidy that can be used for social housing; one is the Social Housing Capital Grant and its provincial component as described in the Social Housing Act, the other kind is the institutional subsidy. The first subsidy came into place around three years ago during the implementation of the Interim Programme for Social Housing. It was an interim programme because the Bill was not enacted yet and the necessary institutions were not yet in place. This subsidy is limited to projects in Restructuring Zones in 13 municipalities that have been identified for social housing. The institutional subsidy has been in place for a long time and was used by SHIs for the delivery of social housing. This subsidy still exists, but has not been adapted to the economic changes in the society. Currently, this subsidy is not much in use, because it is very difficult for SHIs to make a social housing project viable using only the institutional subsidy.

In Table 8 an overview is given of the delivery of social housing as provided by the municipalities. The delivery of the last three years is mainly with the Social Housing Capital Grant, whereas the delivery in the last ten years includes the institutional subsidy as well.

Municipalities were not all able to give us all the requested information. In this question we asked for both the number of projects and the number of units to try to get as much data as possible. For the municipalities that have only given us the number of projects, it is impossible to say how many units have been delivered. Therefore, the only thing that can really be measured is the number of units. Municipalities 2 and 8 seem to be the most advanced in the delivery of social housing in the last three years, whereas municipalities 4 and 8 score highest in the delivery of the last ten years.

Table 8 Delivery of Social Housing

Municipality	Social Housing Projects Last 3 Years	Social Housing Units Last 3 Years	Social Housing Projects Last 10 Years	Social Housing Units Last 10 Years
2		2 400		
3	0	0		
4	2	450		84 000
5	2		15	
6	0	0	1	508
7	0	0	1	
8	5	1 334	4	1 356
9	1		1	
10	1		1	
12	0	0	0	0
13	1	364	2	664
<b>Total</b>	<b>12</b>	<b>4 548</b>	<b>25</b>	<b>86 528</b>

Three municipalities indicated that there are delivery agents in their municipalities that still make use of the institutional subsidy. One of those mentioned that they use it only in combination with the Capital Grant, which is the case for all social housing projects that are implemented according to the Social Housing Act. In the other two municipalities the delivery agent is making use of additional funding; loan funding and/or funding from the municipality. In one of these two, the delivery agent is using the institutional subsidy only for communal housing. The costs for units in communal housing are substantially lower than for fully fledged social housing units. That is the only way for them to make use of the subsidy and establish an economically viable project.

The latter is a good example for other municipalities. Especially if it is not possible for the delivery agent to acquire the Capital Grant, delivery with only the institutional subsidy can be the only choice left. Besides this good example it is clear that the institutional subsidy is not sufficient for the kind of projects it was intended for. Therefore, further research into this subsidy and how it can be turned into a viable instrument is necessary.

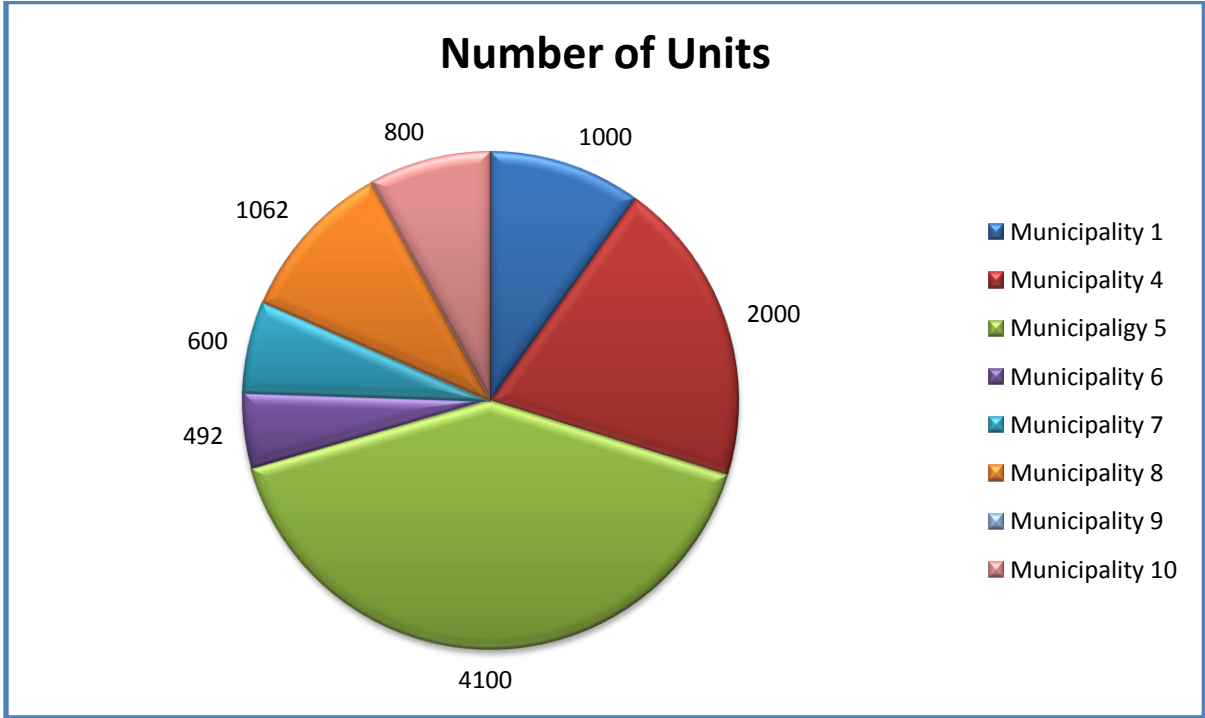
In the Provincial Steering Committees where the preparation of social housing projects is monitored and guided, pipelines of projects have been established. In that pipeline are all the possible projects for the next five years in different stages of readiness. Through that pipeline the progress of the preparations can be monitored and once projects are ready to be implemented they can be submitted for funding.

Municipalities were asked if they had any projects on the provincial pipeline at the moment. Two municipalities did not answer the question, nine municipalities responded positive and two municipalities did not have any projects on the pipeline.

In Graph 19 a pie chart is displayed which indicates the number of units that the municipalities have on the pipeline in their provinces. Municipalities 4 and 5 take up more than half of the units that are on the pipelines. Municipality 4 has scored the highest in the delivery in the past (Table 8), whereas municipality 5 did not provide any numbers on units in Table 8 but did have the largest number of projects compared to the other municipalities.

Considering that these two municipalities have performed well in the past and have more units than the other municipalities on the pipelines can be an indication for good practices. The way these municipalities have ensured the delivery in the past and the way they are planning for so many units within the next five years should be shared with other municipalities.

Graph 19 Number of Units on the Pipeline



**Summary**

Section 5 is focused on the delivery of social housing in the municipalities and how municipalities and delivery agents are linked to ensure this delivery. Out of the thirteen municipalities, only one does not have a SHI that is delivering social housing in their area of jurisdiction. Some municipalities make use of several kinds of delivery agents and in one municipality this includes a PTY. It is crucial for a municipality to have PAs with the delivery agents. There have already been a number of cases where projects have failed and the relationship between the municipality and SHI has gone wrong because there were no PAs.

Nevertheless, only five municipalities have PAs. These can be examples for the other eight. Especially municipality 5, that is working with an SHI, a municipal entity and a PTY to deliver social housing can have valuable knowledge on how to manage the relations with different kinds of partners. Besides the fact that they have PAs they have also scored high on the delivery over the last three and ten years and have the largest number of units planned for the next five years in the PSC. Municipality 4 has also scored well on the last two issues. The differences between the municipalities in the numbers of units and/or projects that have been delivered are large. Some municipalities have not delivered so far, while others have a long track record of delivery. These municipalities should function as examples for the others.

Municipalities are hardly making use of the institutional subsidy anymore, only in exceptions where additional funding is available, can SHIs still make a viable project with this subsidy. One municipality that is using the institutional subsidy for communal housing could function as an example for the other municipalities to enable them to make use of the subsidy in a viable way. Though, it is evident that the current institutional subsidy is not sufficient for the purpose it was meant for and the instrument will need to be reviewed.

## **Section 6: Accreditation**

When asked about the status of the municipality in the accreditation process, municipalities seemed to be interpreting it in different ways. During the second benchmark meeting the accreditation process was explained by a representative of the National Department of Human Settlements. The information on accreditation from the DHS has clearly made a difference to the understanding that the municipalities have of the concept of accreditation. In the second questionnaire, the question was resubmitted, resulting in more reliable answers. Though, one still needs to keep in mind that the results that are used in this benchmark are purely based on the information as is provided by the municipalities. If this information is incorrect or incomplete it will distort the results of the benchmark.

Out of the eleven municipalities that answered the question, only one stated they were not in the process of being accredited. Four municipalities have stated that they had been accredited at level 1. The accreditation process has started years ago, so it is a bit disappointing that out of the eleven municipalities that have indicated to be in the process of accreditation, only four have been accredited and only for level 1.

A note needs to be made for municipalities in the Western Cape. Because of a different approach of the provincial government, municipalities are given much more functions in housing than in other provinces. Therefore, in practice Western Cape municipalities are performing functions that are linked to certain levels of accreditation. In this benchmark, the one municipality from the Western Cape, Cape Town, stated that it is not officially accredited. During the second benchmark meeting Cape Town explained to other municipalities how the distribution of housing subsidies is organised in the Western Cape. The provincial government gives every municipality its own housing budget, which is published in the Gazette. Each municipality has to allocate the budget to housing projects as they see fit. This was very well received by the other municipalities who would like to have that system copied in their own provinces.

Currently, municipalities do not know how much the housing allocation will be in their municipality when they are making their housing plans. They find it very difficult to mention quantified targets in the plans, because they don't know if the provincial government will provide the necessary subsidies. In the Western Cape, municipalities know exactly what the available budget is and can plan accordingly. In this matter Cape Town and other municipalities in the Western Cape can be examples for the rest of the country.

### **Summary**

The accreditation process has been taking a long time and not many municipalities have been accredited yet. It could not be determined from the questionnaire what the reasons are for this slow progress. One of the municipalities in the benchmark indicated during the second benchmark meeting that they are not accredited, but are already performing functions that are linked to higher levels of accreditation. The experiences of Cape Town were welcomed very positively by other municipalities. Cape Town, as well as other municipalities in the Western Cape, can be examples for other municipalities in the country. Both the good practices and the challenges they encountered can be useful for other municipalities.

## *Section 7: Inter-Governmental Relations and Cooperation Impact*

The delivery of social housing requires the cooperation of all spheres of government. Therefore, in the benchmark the relationship with other spheres of government, especially provincial government, and their cooperation are addressed.

The most important structure for the cooperation between the province, municipalities and delivery agents in social housing is the Provincial Steering Committee. At this platform the most important stakeholders of social housing align their work. Every province should have a PSC, but in one of the provinces this structure has not been set up yet. The frequency of PSC meetings differ per province from zero to twelve. Municipalities regularly attend these meetings. During these PSC meetings the pipeline of social housing projects should be monitored and where there are blockages, these should be highlighted and dealt with in a cooperative way. When projects are ready for implementation they will be submitted for the social housing capital grant by the PSC.

Through these PSCs, municipalities should be aware of how many projects are being implemented in their area of jurisdiction and how many subsidies are involved. But as was concluded earlier, municipalities do not seem to have this kind of information. One would need to look further into the functioning of the PSCs and see where they are functioning well.

Ensuring good cooperation between the provincial and local governments is partly done by the alignment of planning. Municipalities were asked if they consulted the province or its planning documents when they are drafting their plans or policies for social and rental housing. Of the twelve municipalities that answered this, eleven consulted with the province to develop their own plans. They were further asked whether they thought the province's planning and budget would be able to cater for the projects that need to be implemented in their municipality. Of the eleven municipalities that had aligned their planning documents to the province's plans, five thought the province could cater for their projects and five thought they could not. The reasons that municipalities gave for this are in first place a lack of funding. The total amount of funding cannot cater for all necessary projects. Further, the alignment between the two spheres of government is still not sufficient according to some municipalities. Provincial government determines certain priorities, whereas the local priorities of the municipalities may be different. The latter is a matter of concern, because the priorities should be matched through the alignment in planning documents. If municipalities would be given their own housing budget, they would be able to determine their priorities according to the local needs. But for this to work, municipalities must have the capacity to take on the function.

### *Capacity building*

One of the tasks of the provincial government is that of capacity building to municipalities in housing. Nine municipalities have received some form of capacity building from the provincial government. Most of it was in the form of training on, for example the HSS system and management. Three municipalities did not receive any capacity building from their provincial government.

Besides the provincial government there are other institutions where municipalities can go for capacity building. The Social Housing Foundation has played an important role in some of the municipalities. Further institutions that were made use of are SALGA, universities and independent consultants.

One municipality mentioned the capacity building they are receiving from their Dutch twinning partner through an exchange programme that is implemented by VNG International in cooperation with SALGA.

All municipalities that had received some kind of capacity building were positive about the results. According to them it has increased the capacity in the municipality and, except for one municipality they also consider it to have improved the service delivery. The municipalities are optimistic about the effect of capacity building on the service delivery. Although, the data on the delivery of social housing units/projects is limited (Table 8) in Table 9 below this data is put next to the answers of the municipality on the impact of capacity building. Of the highest scoring municipalities in terms of delivery some have received capacity building and considered it to have impacted on their capacity and service delivery, others did not receive any capacity building, but still managed to deliver a lot of social housing units.

**Table 9 Social Housing Delivery in Relation to Capacity Building**

Municipality	Social Housing Projects Last 3 Years	Social Housing Units Last 3 Years	Social Housing Projects Last 10 Years	Social Housing Units Last 10 Years	Increased Capacity	Increased Service Delivery
1					Yes	Yes
2		2400			Yes	No
3	0	0			Yes	Yes
4	2	450		84000	Yes	Yes
5	2		15		No Capacity Building	No Capacity Building
6	0	0	1	508	Yes	Yes
7	0	0	1		.	Yes
8	5	1334	4	1356	No Capacity Building	No Capacity Building
9	1		1		Yes	Yes
10	1		1		No Capacity Building	No Capacity Building
11						
12	0	0	0	0	Yes	Yes
13	1	364	2	664	Yes	Yes
Total	12	4548	25	86528	11	12

Unfortunately, it is very difficult, if not impossible to measure the exact impact of the capacity building on the improvement of service delivery, because there are too many other factors in the sector that also affect the service delivery. A possible correlation between capacity building and delivery cannot be proven. Nevertheless, when almost all municipalities mention that the capacity building has made a positive impact in their municipality, it must have contributed to a certain extent.

There are many factors that can influence the success of delivery of social housing.

Capacity building can contribute to this, as a number of municipalities have experienced, but it is no guaranteed solution and some municipalities do not need capacity building to deliver social housing successfully. The good practices that can be derived from this exercise are firstly, the municipalities that have delivered social housing successfully without capacity building. It will be interesting to know for other municipalities how they ensure results. Secondly, the municipalities that have been able to achieve better possibly because of capacity building, can exchange their experiences and showcase what kind of capacity building and how the capacity building has increased their performance, leading to the delivery of social housing units.

### Summary

In section 7 we have looked at the relationship between the municipalities and the provincial governments. For social housing specifically, this relationship has been institutionalised through regular PSC meetings to monitor the planning and delivery of social housing projects. Though, based on the information that municipalities have available on the number of projects and units that are implemented in their areas of jurisdiction, it seems that the PSCs are not completely functioning the way they should. Of course, there will be difference between the PSCs in the different provinces. How well they are operating or should operate has not been captured in this benchmark, but would be a fascinating issue for the future.

In the overall alignment of plans and policies on the two levels of government, there seem to be some discrepancies, even though the plans are aligned through existing structures. Municipalities indicate that provincial priorities do not always match the local priorities. They would like to see a less one-size-fits-all approach from the province towards the municipalities. The method that the Western Cape Province is using for the allocation of housing subsidies deals with this issue effectively. Though for it to work, one need to be able to depend on the capacity of the municipalities.

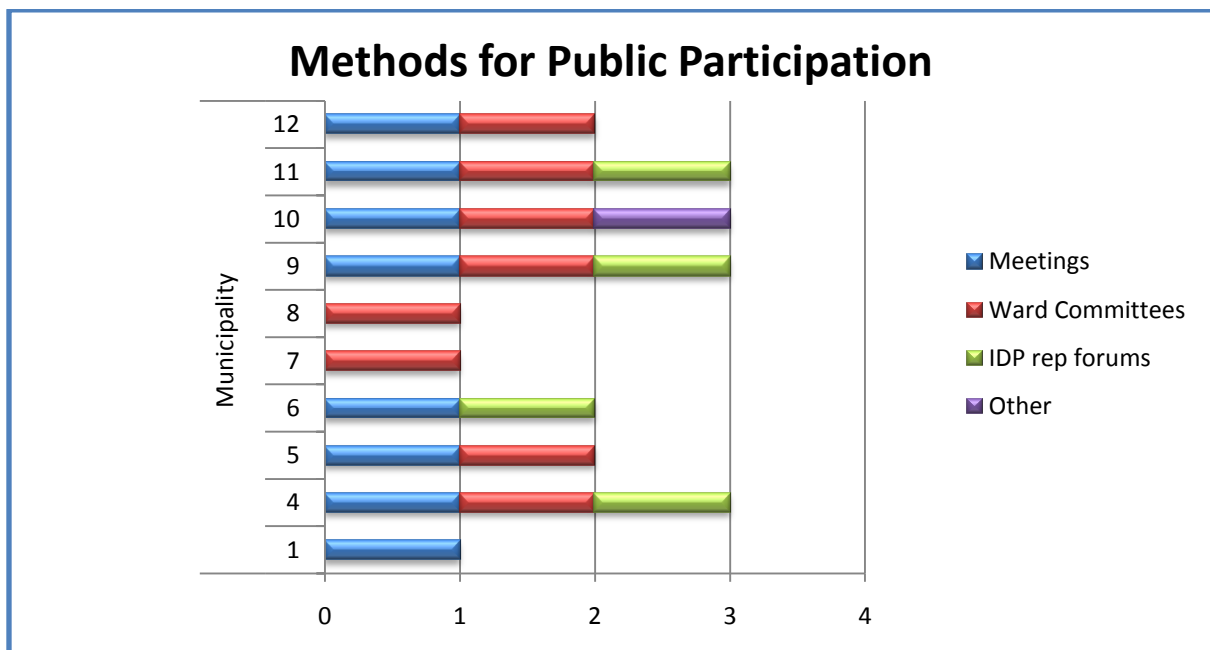
With regard to the capacity building that municipalities have received from the provincial government or other service providers and institutions, they are generally positive about the effect on the capacity in the municipality and on the service delivery. Although, the positive impact of capacity building could not be proven by comparing it to the actual delivery, it does not mean that it does not contribute. In the process of delivery of social housing there are so many factors that can influence the success in either positive or negative way, that it is impossible to determine whether or not, or to what extent capacity building has contributed to the success. Though, looking at Table 9, one can isolate municipalities that have achieved a high delivery, either with or without capacity building. Both kinds of cases could serves as examples for others.

## Section 8: Public Participation

According to legislation, municipalities have to give the public an opportunity to give input and comments in planning processes. Social housing is no exception. Municipalities were asked whether they involve the public in the planning for social housing, and if so, what methods they use to ensure this involvement. Housing in general is a topic that is close to people's hearts. Experiences in the housing sector have shown that public participation is crucial. This may even be more important for social housing. Housing projects can be highly politicized. People will have objections to housing projects if they think it will have a negative impact on their neighbourhood or the value of their own property. In social housing this has been happening when people did not understand the concept of social housing and thought they would be getting RDP houses next to their properties. Informing and consulting with the public is a must, especially for social housing.

Municipalities were asked what kind of methods they use to reach the public, to make them aware of the projects and the concept of social housing and to get their input where necessary. A number of methods were mentioned in the questionnaire from which the municipalities could choose. The choices are displayed in Graph 20.

Graph 20 Methods for Public Participation



Two municipalities (3 and 13) stated that they do not involve the public in the planning for social housing. Therefore, they are not represented in Graph 20. Municipality 2 did indicate to involve the public, but did not answer this question regarding the methods used. Of the others there were only two that do not make use of meetings with the public for participation purposes. Actually these two only make use of the ward committees for the communication between the municipality and the public. Municipality 10 mentioned besides meetings and ward committees also LSDF and EIA processes as methods for public participation.

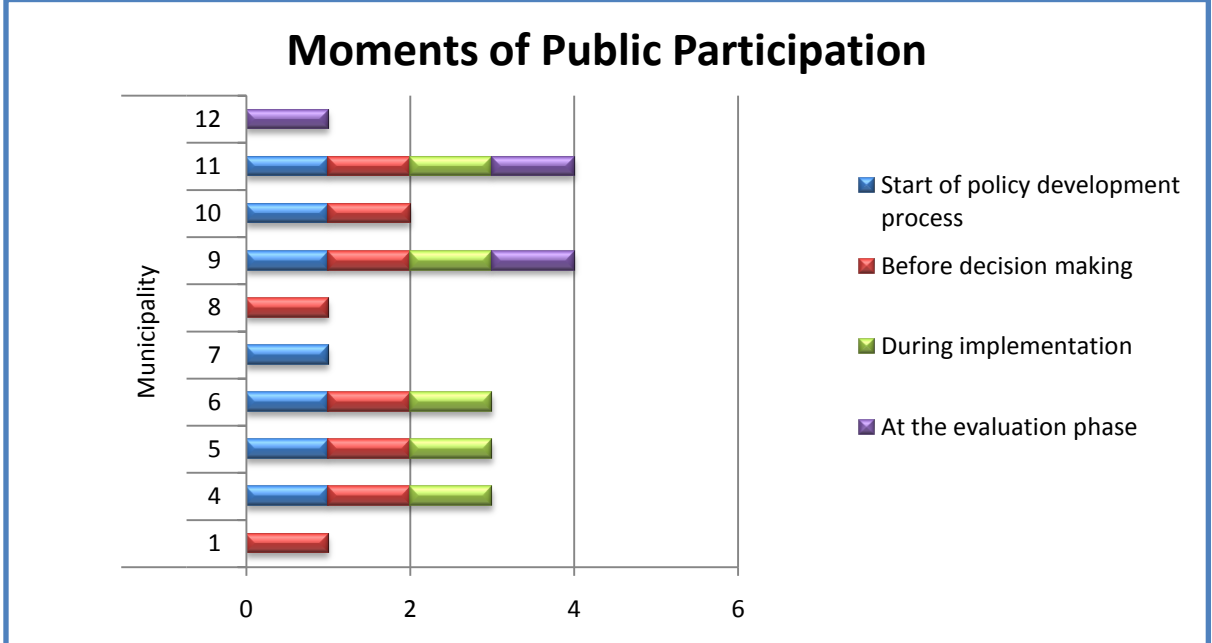
If the public and especially the people in the neighbourhood of a social housing project are not included in the process, the chances of objections are high.

If people protest against a project based on a lack of information, or a misunderstanding of the concept of social housing, it will delay the project unnecessarily. If people are well informed and given an opportunity to give their views, the chances of a successful project will increase.

Municipality 10 has experienced this phenomenon. They were having difficulties with the implementation of social housing projects because there were many objections from the public. The municipality organised road shows with the major stakeholders in areas where social housing projects were planned to inform the public about the concept of social housing and what it would mean for their neighbourhood. It turned out that many people were afraid that they would get RDP-like housing in their neighbourhood and were afraid of devaluation of their properties. The information sessions eased many of the objections.

Municipalities were also asked at which moments they engage with the public. The results thereof are shown in Graph 21. As was the case with the previous question, this one was also not answered by municipality 2 and not applicable for municipalities 3 and 13. The graph shows the results.

Graph 21 Moments of Public Participation



Most municipalities involve the public in the early stages of projects. Only five have the public participating in the implementation phase and only three in the evaluation phase. It is remarkable that municipality 12 is only involving the public in the evaluation phase.

In the second questionnaire some further questions about public participation were asked, such as on the impact of public participation on a project. Three of the municipalities that answered this emphasised that the process had delayed the project. Two municipalities mentioned that there had been changes in the construction of the units, because of preferences of the public. The two most positive responses to public participation came from municipalities 1 and 9. Municipality 1 said that the public is starting to understand the concept of social housing and that supports the implementation of social housing. Municipality 9 had actually learned from the public in the sense that they now understand the wishes of the public and the reasoning behind it better, which helps them in their work.

The impact that a project has on the neighbourhood, or on other stakeholders in the area or sector, will most likely determine the influence of the public participation process in the timeline of the project. This can differ considerably per project.

### **Summary**

Social housing projects cannot be implemented without public participation. Experiences in several municipalities have shown that the public needs to be informed on the concept of social housing and on the consequences of such a project for the neighbourhood and the value of people's houses. Once the public has been informed the implementation process will go much smoother.

One of the municipalities in the benchmark, municipality 10, has had very good experiences with a public participation process where people from the municipality, the SHI and other stakeholders went to the areas that were selected for social housing to inform the communities there about social housing. The public had misperceptions of the concept of rental housing and had therefore objected to the projects. Once the public was informed and had a chance to give their views the social housing projects could be continued.

## 4. Conclusions and Recommendations

### *Introduction*

The benchmark in social housing has been conducted among the 13 municipalities that have been selected for the implementation of social housing. The purpose of the benchmark is to compare the service delivery of the municipalities among each other, but most of all to give the municipalities an opportunity to take an inward look into their own performance and to learn from the good practices of other municipalities.

Although the collection of the data was a challenge and municipalities were not always able to get the necessary information, this benchmark has provided insight in the current status of social housing in these municipalities. With these insights and the recommendations that they receive, municipalities can improve their performance. Furthermore, other stakeholders in the sector can also learn from these lessons.

The benchmark process in itself was a learning experience for the participating municipalities. It allowed them to take an inward look into their operations and performance and realise what their roles and responsibilities are. The questionnaire triggered them to think about these issues and made them aware of the gaps in their data and the performance. One of the municipalities already mentioned in the second benchmark meeting that they had taken actions to improve their organisation based on gaps they discovered through the questionnaire.

### *Conclusion*

#### *Policy Development and Demand Data*

Municipalities are important stakeholders in the delivery of social housing. They create the environment that is required for the delivery of social housing projects. Municipalities need to identify the needs of the population and the opportunities for social housing. Municipalities are the one sphere of government that is close to the public and responsible for the delivery of all the services that are needed for the implementation of housing. For the municipality to facilitate the implementation of social housing, they need to have detailed knowledge of the demand for housing.

Many of the municipalities do know the demand, although every municipality should at least know the extent of the demand. Almost half of the municipalities had acquired further details on issues such as the preferred location or the preferred housing type. Without these kinds of elementary data, one cannot properly plan for housing. People cannot all be accommodated in RDP houses and many people would perhaps prefer rental housing over an RDP house. If the municipality knows more about the preferences of the public it is easier to plan and deliver human settlements. It will be more sustainable because people will get what they want.

### *Roles and Functions*

According to Schedule 4 and 5 of the Constitution, housing is a concurrent function of the national and provincial governments. Though, the role that municipalities have in the delivery of housing is not always clear. The line between the functions of the provincial and local government is set in different pieces of legislation. Though, in practice this line is not so clear. The separation of functions is an artificial one. Municipalities have many functions that are the basis for housing delivery such as the delivery of infrastructure and services and it is difficult to separate these from the delivery of the actual top structures. This is an unnatural division which causes confusion about responsibilities and it causes delays in the delivery. Although, the discussion about the roles of provincial and local government in housing is continuous, municipalities are taking their responsibilities when it comes to social housing.

In section 2 we saw that municipalities are performing many of the major functions in the housing sector, including social housing. Some municipalities are better equipped to take over certain responsibilities than others. Where capacity is lacking the municipalities often have to depend on external service providers. Though, this is a common phenomenon in the local government sector and not limited to housing departments, it is not an ideal situation. Municipalities indicate that they have the necessary planning documents, such as the IDP and SDF in place, but these do not always reflect the actual delivery. Municipalities where the planning and delivery are actually matching can be examples for other municipalities that do not manage to synchronise the two yet. The quality of the planning documents could not be explored in this benchmark, though would be an option for the future. Good delivery has to start with good planning. As everybody knows in the housing sector, you cannot build a quality house on a bad foundation.

It is alarming that most of the municipalities were not able to provide information on the numbers and amounts of social housing and other subsidies that have been used in their areas of jurisdiction over the last three years. As the municipality is responsible for the planning of social housing and other forms of housing, they need to have this kind of information. This information should be available through the interaction between the main stakeholders in the Provincial Steering Committee (PSC) meetings, but is apparently not well registered.

### *Institutional Arrangements and Resources*

With regard to the Human Resources in the housing departments, major differences were present in the number of staff members, which were mostly related to the size of the municipalities. Though, when calculated per 10 000 inhabitants a striking picture appeared. Some municipalities were relatively very low staffed, where others had relatively many employees in their housing department. It was not within the control of this benchmark to determine what would have to be the standard to ensure good delivery. First of all we didn't have sufficient information on the delivery, so a correlation between delivery and staff could not be established. Though, if the average of employees per 10 000 inhabitants in this benchmark can be used as a standard, we can say that a number of municipalities are seriously understaffed, while others are overstaffed.

The vacancies in some of the municipalities are out of proportion. In one municipality two thirds of the positions are vacant, whereas other municipalities are almost fully staffed. The

average proportion of vacancies is around a quarter of all positions. This seems much and should be compared to other spheres of government and to the private sector. Municipalities that have managed to staff their housing departments could be examples for their peers in showing how they recruit competent staff and how staff can be maintained.

### *Current Social Housing Status*

Twelve of the municipalities in the benchmark have identified RZs, based on a number of criteria. The RZs are a relatively new concept and each municipality had to look in what ways the RZs would work in their area of jurisdiction. For a few years, social housing projects have been implemented in these RZs and it would be good to have municipalities exchange their experiences on this concept.

Identifying suitable areas for social housing is one thing, but finding suitable land is another. In most of the municipalities the land that is suitable and available for housing purposes can be hard to get.

Municipalities, together with the other spheres of government and parastatals are common owners of land, but for the municipality to have this land transferred to the municipality for housing can be a major challenge. In the benchmark, only two municipalities have had positive experiences with the transfer of land from other spheres of government and/or parastatals. The other municipalities have experienced it as a long and difficult process. The cooperation and intergovernmental relations between the spheres of government need to be improved to enable easier transfer of land. The Housing Development Agency should play an important role in this. Private land owners are also holding a lot of land, but many municipalities do not have the financial means to purchase the land.

Although all municipalities have the political support of their Councillors for the implementation of social housing, a lot of attention still needs to be paid to the education of political representatives. Many people, Councillors, public and others, have a wrong impression of the concept of social housing, though may think that they understand it. This is partly because of the confusing name of *social* housing. The social part makes people think that it is for the poorest of the poor and that it applies to free housing. Because of these misperceptions, Councillors can make decisions based on the wrong information or the public may object to projects that they think will affect the value of their properties and the safety of their neighbourhood. Besides training and information for Councillors to ensure they understand the concept, engagements between Councillors from the 13 RZ municipalities could be useful to exchange views on the subject.

Social housing projects are mainly managed by SHIs, though in the case of municipal stock and/or CRU stock, the management can be done by the housing department of the municipality. Having rental housing stock managed by the municipality is not always the best way to go. Many housing departments in municipalities are not sufficiently equipped to manage a large amount of rental housing stock. SHIs are professional institutions focused on the delivery and mainly management of rental housing stock. When comparing the rent collection rate of municipalities that manage their own rental housing stock to the rent collection rate of SHIs, we see that in most cases the rent collection rate of SHIs is much better than that of municipalities. Though, there are two municipalities that have very good rent collection rates. Many municipalities have problems with existing rental housing stock

which has not been maintained, where tenants refuse to pay the rent and it seems a deadlock situation with no way out. This kind of 'problem' stock is no exception, though some municipalities have managed to turn this around, often with the assistance of a local SHI. These practices are very valuable and good lessons for municipalities that are still struggling with the issue.

For municipalities to facilitate the delivery of social housing in their areas of jurisdiction, they need to work hand in hand with the delivery agents, which are often SHIs, either as section 21 companies or municipal entities. Whatever the form of the SHI, municipalities need to sign Performance Agreements with them for the implementation of social housing projects. PAs are a tool for municipalities to regulate a successful delivery, safeguarding the targets of and the investments of the municipality in the project. Without PAs the municipality's position is weak. Quite a number of the municipalities did not have any PAs, though did make some kind of agreements about assistance from the municipality to the projects.

Yet, some municipalities have positive and extensive experience with PAs and managing the relation with the delivery agents. Especially one municipality that is working together with three different kinds of delivery agents, a SHI, a municipal entity and a PTY, may have useful examples of PAs that deal with each kind of delivery agent.

#### *Accreditation and Capacity Building*

The process for accreditation of municipalities has been slowly moving forward. Of the municipalities in this benchmark only four municipalities have been accredited and only for level one, being the level of accreditation with the least responsibilities.

Although provincial governments are legally required to gazette the allocations for housing to municipalities, this is currently only happening in the Western Cape. The City of Cape Town indicated that having insight in the funding that will be available for housing in their municipality, allows them to plan better. Municipalities in the Western Cape are able to spend the housing budgets on projects that have priority in their area. Municipalities in other provinces indicated that there is not always a proper alignment between their priorities and those of the province. They would prefer an approach that is less one-size-fits-all and indicated that the system of the Western Cape would suit them better. Though, note needs to be made of the fact that municipalities will need to have the necessary capacity to manage their own budgets for this to work. Western Cape municipalities can function as examples or good practices on how this can be achieved.

One of the responsibilities of the provincial government is to assist municipalities in capacity building. Besides the provinces, other institutions and service providers have also offered different kinds of capacity building to municipalities. Most municipalities have made use of some kind of capacity building and indicated that it had benefited their capacity and/or their service delivery. Although it is difficult to determine the exact impact of the capacity building because there are too many factors that also influence the delivery, the fact that many municipalities consider it beneficial, does indicate that it must have been useful. Further research into which kinds of capacity building have been most effective for some municipalities, could identify good practices that can be used for other municipalities.

### *Public Participation*

In the benchmark municipalities have indicated what forms of public participation they have used in the planning and implementation phases of social housing. Especially in social housing it is important to have proper public participation. First of all, the public needs to be properly advised about the concept of social housing because many people have a wrong impression of what it means and the impact it will have on their neighbourhood. Public participation has benefited a number of municipalities in the implementation of social housing projects. One of the municipalities organised a road show to the areas where social housing would be implemented to explain the concept to the public, especially the people living close to the locations where the projects would be developed. This road show had made a very positive impact on the public and enabled the municipality to continue with the projects. Other municipalities can learn from this example.

Overall, the benchmark has identified quite a number of trends and good practices that can assist the participating municipalities, but also other municipalities that have not been part of the benchmark and other stakeholders in the sector. Besides recommendations for individual municipalities, there are also general recommendations which will be presented below.

### *Recommendations*

The results of the benchmark project have given clarity and insight on issues, but have also raised further questions or subjects for further research. In some cases we could identify positive trends, but because of the nature of the questionnaire, we were not able to find out how these were achieved. Some of these issues can be incorporated in possible future benchmarks, others would need to be researched separately.

Even though social housing has been in South Africa for more than 10 years, this is still a relatively young concept, especially in a country where the public preference is towards ownership. The social housing sector is experiencing a lot of trial and errors, trying to learn from experiences in other countries, though translating it to the local situation. Municipalities also have to find their way in this evolving sector and can learn from each other so they do not all have to invent their own wheel. It seems that a lot of municipalities are currently each trying to find their own way in isolation. Sharing among municipalities is crucial and on some subjects of social housing, this sharing should be promoted and increased. Focus areas for further learning and sharing are among others the use of Restructuring Zones, accreditation and dealing with 'problem' stock. The learning and sharing among municipalities should not be limited to housing officials, but should be extended to Councillors and possibly Municipal Managers as well.

Benchmarking is a process that needs to be repeated to see what progress is being made and how recommendations and advice have been implemented. Based on the results of this benchmark, it would be advised that this process is repeated. In the next benchmarks more attention should be paid to learning meetings on the subjects mentioned above. In these learning meetings municipalities would discuss their experiences and determine good practices and a way forward or action plan for those municipalities that are still struggling with the issue. This would not only be beneficial for the participating municipalities, but could be shared nationwide.