Abstract: During 2010, a 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.

In the benchmark, municipalities have been compared in different areas within social housing, such as policy development, delivery and public participation. The benchmark gave an overview of the social housing sector from a municipal point of view and highlighted some of the major challenges that municipalities are struggling with, as well as a number of ‘good practices’ that can be used to improve the service delivery.

Benchmarking is an excellent tool for municipalities to get insight in their performance. During the benchmark, municipalities learn from each other and are empowered to improve their service delivery.
Introduction

This paper is based on the results of the ‘Benchmarking Municipal Social Housing’ project that was conducted in 2010. 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 administrating a 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.

In this paper, the concept of benchmarking will shortly be explained. Further, the challenges that were identified through the benchmark, as well as the good practices will be discussed.

Benchmarking

Benchmarking is a learning method used worldwide in businesses and governmental organisations to improve their performance. The essence of the method is the comparison of performance indicators with similar organisations and learning from the practices of the best performing organisations. Therefore benchmarking is a research and learning-based improvement instrument.

CMRA makes use of the ‘CMRA benchmarking model’, a benchmarking methodology for municipalities in developing countries and countries in transition. The model was developed by CMRA in cooperation with VNG-International, the mother company of CMRA. The model is a result of practical experience with benchmarking and scientific research on benchmarking. Five years of experience with the model has proven that it is a powerful instrument for capacity building of local government in developing countries and countries in transition.
Benchmark Municipal Social Housing

The model consists of four stages; ‘Collect’, ‘Compare’, ‘Learn’ and ‘Improve’. In the ‘Collect’ stage information is collected about the performance of participating local governments on a certain topic based on performance indicators. The ‘Compare’ stage identifies the differences between the municipalities. In the ‘Learn’ stage municipalities learn about the practices of municipalities that perform best. In the ‘Improve’ stage municipalities implement the learned practices and improve their performance.

Benchmarking capacititates municipalities to improve the quality of their activities as municipalities learn what practices function more effectively. The benchmark focuses on how to improve quality of activities and reduce costs for society.

On top of building capacity, benchmarking enables municipalities to increase transparency and strengthen accountability as it provides municipalities with a platform to inform citizens about their achievements. In this way benchmarking contributes to reducing the distance between government and residents or between civil service and its customers. All to the benefit of both citizens and the city council.

Project Implementation
The key steps in the benchmark are

- Formation of benchmark cycles of municipalities
- Development of a questionnaire with housing experts, stakeholders, benchmark experts and municipalities
- Data collection and validation
- Cycle of comparison meetings where the participants meet to compare and learn
- Development of the final report
- Implementation of a project on the basis of one or more of the recommendations
- Distribution of a brochure with good practices

Municipal Challenges in Social Housing

From the benchmark project, a number of common challenges came forward that municipalities are struggling with in the facilitation and/or delivery of social housing. 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.

Planning for (Social) Housing
For the municipality to facilitate the implementation of social housing, they need to have detailed knowledge of the demand for housing. For the analysis of the situation in the participating municipalities, demographic data was used to be able to provide recommendations to the municipalities regarding the planning for social housing. During the process of acquiring the demographic data, it turned out that not all demographic data was available in the municipalities, or was old or not reliable. It was difficult for municipalities to get access to recent and reliable data. This data is the basis for the planning within the municipality. If the municipality
is not well informed, it will be very hard to match the planning for (social) housing with the actual needs of the population.

Many of the municipalities that participated in the benchmark are aware that there is a demand for social housing in their area of jurisdiction, but they often don’t have exact figures. More than half of them know the social housing backlog and the demand according to income group. Some of the municipalities had acquired details on issues such as the preferred location or the preferred housing type. Furthermore, detailed data on the actual demand for different forms of housing in the municipality was also difficult to acquire. This kind of data is crucial for the municipality to determine the demand for housing and to be able to plan the necessary developments. In many cases the municipalities are making use of the information from waiting lists, which do not always include the entire income target group for social housing, nor indicate whether people prefer to rent or to own.

Despite the detailed information that municipalities indicated to be missing, most of the municipalities do have the necessary planning documents in place, such as the Housing Chapter in the IDP and/or a Housing Strategy. In 70% of the cases where such a document was in place, it included social housing as well.

In the benchmark we saw that most of the municipalities do not have all the information on the amount and the number of housing subsidies that have been spent in their municipalities. Especially the data for the social housing subsidies was missing. Municipalities in many cases do not have this information available. Because the subsidy flow does not go via the municipality, but straight to the delivery agent for social housing, the municipality is dependent on others for this information. (The benchmark took place before the accreditation of a number of the participating municipalities.) For municipalities not to know how many (social) housing subsidies have been spent in their area of jurisdiction makes it difficult to monitor the housing backlog and to keep the planning for future housing projects up to date.

**Institutional arrangements and resources**

The capacity of housing departments/units in municipalities is a regularly debated issue. Some of the participating municipalities indicated that this is a challenge in their municipality. Because housing is not a funded mandate of municipalities, many municipalities indicate that acquiring funding for their housing department and its staff is difficult.

Many of the municipalities are struggling with the capacity in their Housing Department/Unit. The number of staff members in the different Housing Departments in the municipalities varied considerably. When calculating it per 10,000 inhabitants, the number of staff members varied from 0.07 to 2.16. 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. The reasons that were given for a high vacancy levels, were among others a lack of funding and long processes to appoint new staff members.

**Current Social housing Status**

Identifying suitable areas for social housing through the identification of Restructuring Zones has been done by 12 of the 13 participating municipalities. Finding suitable and available land was indicated as a major challenge. In most of the municipalities the land that is suitable and available for housing purposes is difficult to acquire.

Especially for social housing it is important to acquire suitable land. The goal of social housing being the restructuring of urban areas and the integration of social and economical groups makes the location of social housing projects a priority. The projects need to be close to social and economic amenities, transport opportunities, etc. These locations are often very valuable and out of the financial reach of municipalities. Keeping in mind that social housing is targeting a low to medium income group and that the rentals need to be kept affordable, the costs of a project need to be as low as possible. High costs for land can then make a project unaffordable.

Municipalities, together with the other spheres of government and parastatals are common owners of land. But for the municipality to have this land transferred for housing from the provincial and/or national
government or parastatals to the municipality can be a very lengthy process. 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. Private land owners are also own a lot of land, but many municipalities do not have the financial means to purchase this.

*Municipal Housing Stock*

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 or a municipal entity. Having rental housing stock managed by the municipality is not always the easiest way to go. Many housing departments in municipalities are not sufficiently equipped to manage a large amount of rental housing stock.

The current management of the rental stock in the municipalities in the benchmark shows that 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 of rental stock, but there are still ten municipalities that have rental housing stock that is managed by the housing department as can be seen in figure 1.

**Figure 1 Management of Rental Stock**

![Management of Rental Stock](image)

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 in the benchmark 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 often ‘inherited’ from the past and is no exception, though some municipalities have managed to turn this around, often with the assistance of a local SHI.

In general, municipalities have many problems collecting rent from tenants in their own rental housing stock. The causes for these problems are multiple. Although the causes for the good or bad rent collection rate were not included in the benchmark, 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 for which good practices need 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 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’ towards 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. Because other people receive free RDP houses, they reason that they as tenants of public stock should not have to pay rent, especially if they don’t receive ownership of the housing unit.

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 (PAs) with them for the implementation of social housing projects. PAs are a tool for municipalities to regulate a successful delivery, safeguarding their targets 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 they did make some kind of agreements about assistance from the municipality to the projects.

**Public impression of Social Housing**

There is still a large amount of misunderstanding regarding social housing among the public. Municipalities can experience this as a burden in the delivery of social housing. In many cases people understand social housing to be a form of free housing for the poorest of the poor, because of the word ‘social’ in the term. Free housing is associated with a deterioration of the neighbourhood and a decrease in value of one’s property. Therefore, people often object initially to social housing projects if they have not been properly informed about the kind of housing it actually is and the impact it will have on the neighbourhood. Through objections from the public, social housing projects can experience delays in the implementation. Through proper education, especially of the people in the areas where social housing will be developed, these problems can be overcome. Not only the public needs to be educated on the concept of social housing. Politicians as well need to be well aware of it. They are partly responsible for proper communication to the public regarding these kinds of projects.

Besides the miscomprehension of the concept of social housing, the whole idea of rental housing remains a subject with a negative association to the past. The objective of most South African citizens is to own a house. Rental is not the first choice for many people. Especially for the income group below R 3500 per month it is difficult to comprehend why they should have to pay rent for a housing unit that will not be theirs after a number of years, while at the same time they also qualify for a free RDP house. Especially when the rental housing units are owned by the municipality, the tendency to non-payment can be large.

**Municipal Good Practices in Social Housing**

Although municipalities encounter challenges in the facilitation of social housing, there are many good practices as well. Some of these have been shared during the learning meetings in the benchmark and through publications that have been distributed to all municipalities.

**Data Collection**

One of the main tasks of municipalities in the field of human settlements is planning. Municipalities are responsible for the identification of suitable land for housing development, for the delivery of services, such as water, electricity and roads. They also have to ensure that the location is suitable and includes social and economic amenities for people to live in an integrated human settlement. For municipalities to make informed decisions and to plan for appropriate forms of housing it is necessary to have sufficient information. Information on the demand for housing is essential; not only the number of units that are required, but also information on what kind of houses people prefer, whether they want rental or ownership and the location they prefer. Demographic data is also one of the key necessities, such as information on the unemployment rate, the average household size and the percentages of age groups.

One of the challenges that were indicated in the benchmark was the availability and accessibility of recent and reliable data. This concerns demographic data as well as other data regarding the demand and need for housing. Some of the municipalities indicated that it was clear that there was a large demand for social housing, based on the request for units in recently delivered social housing complexes. Yet, exact numbers of the demand and details on the kind of people that are in need for housing is often not available. A few
municipalities have taken the step to have socio-economic surveys conducted to get a detailed view on the demand for rental housing specifically and on the preferences and financial capacity of the target group.

In these surveys information was collected on the preferences in the income target group regarding rental or ownership. Further, it looked at the expenditure patterns of the people to determine how much they would be able and willing to spend on rent. People could indicate what kind of housing lay-out/design they preferred. Based in this information the municipalities, in cooperation with a SHI have been able to draft designs for rental housing projects that match the local demand and the budgets and preferences of the future tenants.

**Targets for housing development**

Even though planning for housing is one of the main tasks for municipalities, this can be challenging. Some of the municipalities indicated in the benchmark that it can be difficult to set exact targets for (social) housing delivery, because at the time of the development of planning, they do not know the budgets that the province will allocate for housing in their area of jurisdiction. Most provincial governments do not publish the allocations for housing for municipalities in the Gazette, only the Western Cape provincial government does. During the benchmark learning meetings, this was one of the issues for discussion. The delegate from the City of Cape Town explained the advantages of knowing the budget for the planning in their municipality. It allows the municipality to make a well informed and realistic planning for housing delivery and makes it possible to develop long term planning.

Other municipalities explained that in most cases they do not wish to set precise targets for housing delivery, because they do not know how much funding the provincial government will allocate for housing delivery in their municipality. It is difficult to set targets when one doesn’t know if they will be feasible. They may not be able to reach the targets depending on the funding that the provincial government will make available. If municipalities would know in advance what the budget for housing would be in their municipality, they can set targets for housing as well as for other services that are necessary for the delivery of human settlements and allocate the necessary budgets for those services.

**Land acquisition**

Finding suitable land for housing is one of the major challenges in the country. Municipalities often have limited suitable land in ownership and/or are lacking the financial resources to purchase land from the private sector. Many municipalities indicated in the benchmark that there is land available for housing in the municipality, but only a small part is owned by the municipality itself. Other suitable pieces of land are owned by other spheres of government or parastatals and the private sector. Funds to buy land often lack and the transfer of land from the other spheres of government and parastatals is a long process. Yet, a few municipalities have been able to overcome this problem.

Mbombela Local Municipality was able to arrange the acquisition of land with the provincial department of human settlements. The municipality identified the pockets of land that are suitable for housing, which the province purchased. In the City of Johannesburg a ‘Better Buildings Project’ was initialised. The city identified buildings that were either abandoned, hi-jacked or heavily in arrears with rates and service charges. Through various legal methods, the municipality took ownership of such buildings. It then allocated a percentage of these buildings to SHIs on an ownership or leasehold basis for them to develop social housing units. This project contributed to the upgrading of Hillbrow and the CBD. It also provided over 1500 new rental housing opportunities for people on low and moderate incomes.

**Performance Agreements**

Performance Agreements, or Service Level Agreements, between municipalities and delivery agents of social housing are a legal requirement for the delivery of social housing. Though, not all municipalities have these in place. Out of the 11 municipalities in the benchmark that have social housing projects in their area, 5 had Performance Agreements with the delivery agents.

One of these municipalities is the City of Johannesburg. They have three different delivery agents for social housing in the municipality, with which they have signed Service Level Agreements and Service Delivery Agreements. The Service Delivery Agreement is a general agreement that describes the relationship between the municipality and the delivery agent. It includes, among others the duties and obligations of both parties
and the services the delivery agent has to provide, such as rental housing development and management. On the other hand, the municipality is responsible for services such as the provision of land, bulk infrastructure and/or financial/institutional assistance.

The Service Level Agreement provides a legal basis for the relationship between the two parties. While the Service Delivery Agreements is a long term commitment, the parties sign a Service Level Agreement for every specific project. The function of this agreement is to ensure that both parties can be held accountable in fulfilling their obligations. In the Service Level Agreement the roles and responsibilities within a certain project are described, therefore, the agreement can differ per project.

Public Participation
A number of municipalities have had challenges with the public when presenting plans for the development of social housing projects. There can be a lot of objections to these projects from people in the neighbouring areas. These are often based on incorrect information and/or a wrong impression of the concept of social housing. The support of the public plays an important role in the successful implementation of social housing projects. Therefore, it is important for the municipality to invest in the relationship with the public. The public can be divided into the overall public, the indirectly affected public and the directly affected public. A person can be categorised in one of these groups according to the level to which he/she is affected by the matter that is under consideration. In social housing projects the directly affected public are the (future) tenants. The indirectly affected public are mostly people living in the ward or area where the project is planned. The overall public includes the people who are not immediately affected by the project(s).

Since social housing is a relatively new concept in South Africa, most people are not familiar with the exact impact and goals of this type of housing. It is often considered to be similar to RDP Housing or people may think that it will increase the crime levels in the area. In the benchmark process, Nelson Mandela Bay Metropolitan Municipality described the public participation process that they implemented after their planned social housing initiatives had come to a standstill due to public objections. The municipality had organised a road show in all the identified Restructuring Zones to inform the directly and indirectly affected public. The road show was initiated by the officials of the municipality and adopted by the Human Settlements Standing Committee.

The road show contained a workshop which was held at 15 different locations in the Restructuring Zones. The participants were the directly affected public; potential social housing tenants and the indirectly affected public; people from the surrounding communities, ward committees, private developers and members of the businesses in the area. The workshops were a combined effort of the officials and the Council of the municipality and entailed information on the concept of social housing, its implications for the neighbourhoods and designs and models for future projects. The participants were given the opportunity to ask questions and raise challenges to the officials and Councillors.

Conclusions
The main objective of the benchmark project was for municipalities to learn. By getting better insight in their current situation and a comparison to similar municipalities, municipal officials were able to identify their strengths and weaknesses. Through the learning meetings, the experiences and good practices of the different municipalities were shared. This has empowered the participating officials to work on the improvement of the social housing status in their municipality. Every municipality has received an individual report at the end of the benchmark process. This report described the situation in the municipality compared to the other participating municipalities. It included the strengths and weaknesses of the municipality and recommendations for improvement.

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 positive trends were identified, but it was not always possible to find out how these were achieved. Some of these issues will be incorporated in future benchmarks, while others will 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 of municipalities and dealing with ‘problem’ housing stock that was inherited from the past. 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 should to be repeated to see what progress is being made and how recommendations and advice have been implemented. In future benchmarks more attention will 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 issues. This would not only be beneficial for the participating municipalities, but could be shared nationwide.

References


