



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

ECONOMIC BARRIERS INHIBITING THE SUCCESSFUL DELIVERY OF STATE HOUSING: AN EASTERN CAPE PERSPECTIVE

MATTHEW TOWNSHEND¹

Supervisor: Professor Geoff Antrobus²

Abstract

Housing delivery within South Africa, and specifically the Eastern Cape, is constrained by a variety of pressing issues. Significant nation-wide barriers include fiscal decentralization, supply driven inefficiencies, non-sustainability and bureaucratic failure. More specific factors and trends are highlighted through juxtaposing the normative policy aims with two case study assessments of local municipalities. These various instances of politico-economic failure appear to be bypassed via social housing initiatives; however, theoretical and practical recommendations lend themselves towards the immediate renewal of the current housing program.

DUE TO THE ECONOMIC, social, and political significance of state housing within South Africa it is necessary to juxtapose the policy aims with the tangible reality of delivery and highlight any divergences therein. The provision of secure housing, as enshrined by the Constitution, has a critical role to play in terms of social transformation, poverty alleviation, and economic stimulation. However, there are several key challenges which present themselves as obstacles to these objectives and the delivery of quality and sustainable housing.

The economic framework used for analysis is largely centred on public finance; however, traces of development economics are present throughout. These two schools of theory are critical if housing policy and the inherent breakdowns are to be holistically understood. The specific question, which this paper seeks to answer, pertains to the inability of local municipalities to convert substantial government funding into tangible and successful housing projects. More specifically, the paper aims to identify and explore the root causes which lead to the widespread fiscal and bureaucratic failure within the Eastern Cape housing structures.

The theoretical and legislative grounding, explored in the initial sections, are combined with a case study approach in an effort to realistically inform and criticize the literature. The two case-studies were carefully chosen, taking into consideration the demographic context of the Eastern Cape: on the one hand Kouga Local Municipality represents a growth region, whereas Ngqushwa Local Municipality's dwindling population is indicative of rural-urban migration. The actual implementation of federal structures, fiscal spending, top-down project administration, and economic realism are all compared and contrasted with the relevant theory in order to highlight problematic areas of divergence.

¹ Unpublished Honours Project, Department of Economics and Economic History, Rhodes University, Grahamstown, South Africa, 2009.

² I am grateful to Kian Reynolds and Professor Antrobus for useful discussions and supervision.

Adequate housing, delivered both to standard and on time, has the potential to create safe, cohesive, and thriving communities (de Nobrega, 2007: 5). But, it is first necessary to ensure that fiscal policy and structuring are sound and that these are coupled with effective communication, managerial, and bureaucratic channels. The Eastern Cape, to date, has been unable to realize these criteria and various inefficiencies within housing provision have subsequently arisen.

As a result, the provincial and nationwide housing backlog has escalated to substantial proportions. If government is sincere in its promise to mass deliver houses to the people, an efficient allocation of resources needs to be achieved. Departments need to be adequately staffed and funded, projects need to align with strict standards and regulations, and instances of corruption and bureaucratic failure need to be eradicated. Both human and capital resources need to be directed effectively at fast and efficient housing delivery, keeping in mind an environment whereby the demand for housing is constantly on the increase.

1. CURRENT PROJECTS, TRENDS, AND STATISTICS WITHIN EASTERN CAPE HOUSING

Ushered in along with Tokyo Sexwale's Human Settlements Administration has been a no-nonsense approach towards budget underspending. The example of the Eastern Cape, underspending its 2008/09 housing budget by 49.3% (returning R543m of the initial R1,05bn budget), supports Prud'homme's (1995: 208) claim that local governments should not be assigned fiscal responsibilities (Finweek, 2009: 13). The argument that fiscal functions should remain centralized gains momentum here as provincial jurisdictions seem unable to achieve fiscal efficiency. As a result, even with optimistic forecasts, the 2009 budget is also expected to be underspent albeit at a lower figure of 16% (Finweek, 2009: 13). 2009/2010 state housing finance within the region has unsurprisingly fallen, experiencing a 2.9% decline as a result of several widespread and unresolved problem areas (discussed below) (Finweek, 2009: 13).

Along with the Eastern Cape Housing Department's significant vacancy rate, some 63%, several other barriers are glaringly apparent (Finweek, 2009: 13). Many of these appear to be structural, captured by the 2008/09 Budget Policy Speech's emphasis on streamlining roles and responsibilities between the Province and municipalities, enhancing capacity to deliver at a local level, and contractor relations (Daily Dispatch, 2008: 6). Bird (1990: 281) clearly mirrors these concerns within the literature, identifying the importance of both the vertical and horizontal development of the public sector. Care must be taken, however, not to overlook the more tangible issues of project finance, infrastructure, service delivery, housing quality, and regional sustainability as these also fall within the scope of fiscal federalism (Finweek, 2009: 13). Thus, a brief overview of the housing delivery value chain and the actual functions performed by the specific role-players is necessary before a more detailed case study analysis can proceed.

In terms of highlighting managerial and structural inefficiencies within the housing framework, essentially Black *et al's* (2005: 77-79) version of bureaucratic failure, a brief discussion of the Tarkastad Housing Project proves adequate. The Tarkastad example, whereby approximately 600 people are confined to waiting lists while an RDP housing project stands empty, embodies the general weaknesses in the functioning of government departments (Broken Homes, 2009). The Eastern Cape Premier, Mbulelo Songoni,

attributed this failure to planning, coordination, monitoring and reporting mechanisms (Cull, 2009: 2). There is an obvious disjuncture in planning between provincial and local government which inevitably leads to unavoidable problems in the hand-over phase. The town of Tarkastad is yet another victim of rural-urban migration but despite this, and assurances that unoccupied homes would be redistributed, citizens who were amongst the initial 1000 registered beneficiaries still have no access to secure housing (Broken Homes, 2009). The claim that local authorities (as opposed to a national supervisory body) have increased capacity and a greater understanding of the dynamics on the ground, in this case, seems unfounded with corruption (a Special Investigations Unit probe being conducted in 2005), a lack of political will and leadership, and poor planning all serving to undermine several housing projects within the province (Cull, 2008: 2).

Furthermore, it was noted as far back as 2002 by Housing and Local Government Department MEC, Gugile Nkwinti, that there was the unequivocal need to make the switch from supply-driven to demand-driven housing (Maqhina, 2002: 5). Renaud (1998: 758) justifies this through a three-pronged reference to areas where the economic theory found demand-side subsidies to be superior to supply-side subsidies: deadweight losses in consumer welfare; losses of consumer sovereignty; and the comparative resource cost of providing access to housing through housing allowances against the direct provision of a physical unit. Thus it is necessary, according to Nkwinti, to avoid the scenario where finance dictates the number of houses as opposed to the alternative of demand dependent planning aimed at achieving integrated development (Maqhina, 2002: 5). The Eastern Cape recently attempted to draw on the external expertise of other provinces in an attempt to address (under the same supply-driven framework) the housing provision figures which plummeted from 37 000 units in 2005 to 11 750 by the end of the 2007 financial year (Maqhina, 2008: 4).

Similarly, the deep-seated problem of quality can be addressed by making reference to the Venterstad Housing Project and the width versus depth debate raised by Charlton (2004: 6). Essentially, hundreds of residents deserted their RDP homes due to poor quality construction and dangerous living conditions (Broken Homes, 2009). This is not an isolated instance, with thousands of RDP houses across the province having been rejected by beneficiaries as a direct result of sub-standard quality. Common complaints, such as that by Zanexolo Mbeka, include “big cracks on the walls that you could even see through standing outside, the floor had no cement and the doors and windows were also coming off” (Broken Homes, 2009). Beyond the more obvious qualitative criticisms, Timse (2009: 4) also noted that the residents of Zwide and Verplaas had lodged complaints pertaining to plot size and the cramped nature of the housing development. In 2007 alone the province had approximately 60 housing projects, and within these 20 000 homes were found to be defective with estimated repair costs amounting to R304 million (Matavire, 2007: 4). Figure 1 records the overall repair costs, and gives an indication of the magnitude of the problem on a municipal scale. Charlton (2004: 6) would claim that the provision of a small number of complete houses (scope) is superior to the alternative of a large number of relatively crude houses (scale). The high incidence of blocked projects also adds to growing quality concerns, with structures gradually degrading and being subject to vandalism over time (Matavire, 2007: 4).

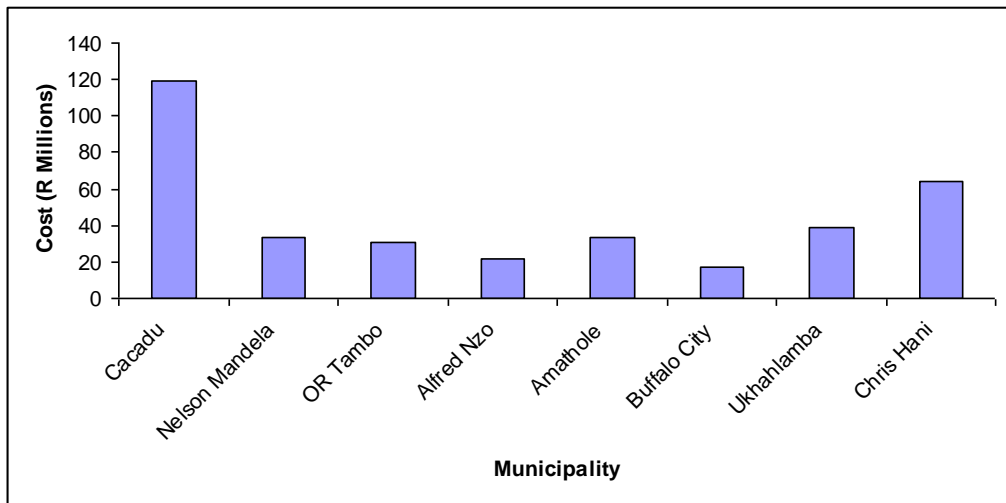


Figure 1: Cost of Rebuilding Poor Quality Houses by District.
Source: Broken Homes, 2009.

In addition, the Seymour Housing Project failed to take into consideration the guidelines and minimum standards forwarded by Arrigone (1994: 6). Little to no information was acquired regarding the specifics of the town or its then current housing condition, leading to sustainability concerns similar to those cited by Ebsen and Ramboll (2000) and Charlton (2004). The RDP houses in Seymour are referred to as “holiday homes” by the remaining residents, as many of the beneficiaries have moved away to the surrounding cities in the hope of finding employment (Broken Homes, 2009). The town has steadily been receding, with the result that many of the few who have stayed behind are living in the grips of poverty with no real hope of ever securing a regular income (Broken Homes, 2009). Hence, it is essential to properly plan an integrated housing development with the view to achieving long-term sustainability. Seymour, from once having profitable banks, petrol stations, furniture shops, a tobacco factory, butchery and supermarket, now survives on the employment and income generated from only four shops (Broken Homes, 2009). So, despite the assurances of government advocates that housing developments are geared towards the development of social and economic infrastructure, it is arguable that these housing projects – through harbouring criminals and draining fiscal resources – are more costly than they are beneficial.

Moreover, a dual analysis of the housing developments at Burgersdorp and Sweetwaters serve to isolate the equally pressing obstacles of infrastructure and service delivery. Rather than local governments being in an optimal position to serve the needs of specific regions, as was argued by Wehner (2000: 49), these sub-national authorities appear to be incapable of managing redistributive projects. Despite the houses at Sweetwaters having been completed and handed over more than 5 years ago, residents are still waiting to receive water and electricity from government (Broken Homes, 2009). On the other hand, the RDP houses in Burgersdorp are situated amongst rubble and illegal dumping sites (remnants of destroyed, poorer quality RDP houses) (Broken

Homes, 2009). The previous owners of these houses, ordered demolished by the state, found themselves taking refuge for several months in state-sponsored cardboard shelters due to the lack of an emergency housing plan and support infrastructure within the district (Broken Homes, 2009).

Finally, contractor, payment and financial worries arise from the Maclear Housing Development. As was suggested by Khan and Thurman (2001: 10), state housing seems to be reliant on large developers due to their legitimacy, financial independence, and ability to achieve economies of scale. Construction of 250 RDP houses halted abruptly in 2004 when contractors (a small and emerging firm) claimed the municipality ceased all payments R2.8 million short of completion cost (Broken Homes, 2009). The project was officially classified as blocked due to the contractor not being registered with the department and the absence (at the time) of a satisfactory contractor policy; but unofficial reasons include slow and inadequate payment as a result of extended verification periods (Matavire, 2007: 4). Songoni has proposed relying on the expertise and capital mobility of large private companies as a short-term solution to these problems.

2. LITERATURE REVIEW

The public sector, according to Oates (1994: 126), is comprised of a set of multilevel institutions. Within this multilevel schema, state government is responsible for matters of national concern whereas provincial legislations are entrusted with the fiscal responsibilities of their specific geographical regions (Oates, 1994: 126). From here, it is obvious that fiscal functions may, in several important ways, overlap. Thus, Oates (1994: 126) deems it vital for a sound policy to be formed regarding the jurisdiction of each level of government, the efficient allocation of state funds, and the vertical delegation of regulatory responsibilities.

Similarly, Bird (1990: 281) adds to the theory on fiscal federalism by identifying the importance of both vertical (between levels of government) and horizontal (within levels) development to an overall efficient public sector. Although centralized government is preferred in terms of national finances, there are certain areas where local fiscal choice would prove to be the most advantageous policy. As Fjeldstad (2001: 4) identifies, in practice redistributive policies are often the responsibility of decentralized levels of government. It is the case in less developed countries, especially in the African sub-Saharan context, that sub-national service provision is often the only tool for providing in-kind transfers to the more poverty stricken households and regions.

Thus, it is the particular redistributive and allocative needs of local economies that sub-national governments would be best suited to handle (Quigley, 2007: 2). Oates (1994: 129) had provided an explanation for the choice of sub-national governments by drawing on the difficulties encountered by central governments when differentiating between separate regions due to use of broader economic instruments.

However, the rationale that local governments are able to achieve a better match of supply and demand conditions as well as promote an environment of healthy competition faces three crippling objections posed by Prud'homme (1995). The first of these objections is that the real issue in developing countries is not with detailed taste and preference functions, but rather with the satisfaction of basic needs (Prud'homme, 1995: 208). Secondly, the assumption that citizens will express any dissatisfaction with local

conditions by voting with their feet (leaving the area) is flawed as it is often the case that this is not a viable option due to the poorly functioning land and labour markets (Prud'homme, 1995: 208). Lastly, yet no less important, is that bureaucrats and officials, when not poorly trained, unresponsive, and unmotivated, are often constrained by the available resources (Prud'homme, 1995: 208).

Upon further analysis, it appears evident that decentralization is severely more limited within the context of developing countries. When the different tiers of government are separated it is not only more difficult to implement economic policy, but the independent jurisdictions are now provided with an incentive to adopt unsustainable public policies with the assurance that the central government will act as a lender of last resort (Fjeldstad, 2001: 4).

However, both Wehner (2000: 49) and Oates (1994: 129) do not entirely rule out the ability of local governments to assist the poor. What arises is that there needs to be a sharing of the Distribution Function by both central and sub-national authorities (Oates, 1994: 129). The argument pivots around central government establishing a set of rules/parameters, and from there local governments can manoeuvre within these confines to address their areas of specific need (Oates, 1994: 129). Wehner (2000: 49) suggests that the jurisdiction wielding control over the smallest geographic area would be able to best internalize the costs and benefits of a public good or service whereas central government has both the size and ability to overcome overlapping geographical disputes and make use of economies of scale. Hence, it would appear fiscal responsibility is by no means mutually exclusive – rather it should take the form of a joint state/sub-state venture.

Nevertheless, as Oates (1994: 146) highlights, it is important to be wary of Niskanen behaviour at the local level. In an attempt by politicians and public officials, via inefficient means, to maximize the size of their budgets standards fall, efficiency is forfeit and the interests of dissident or minority groups tend to be ignored (Oates, 1994: 146). On the other hand, however, it is also inefficient to expect all regions to comply with the same rules and standards (Oates, 1994: 146). Here, the costs of attempting to comply (with no feasible cost-benefit calculation guiding the target levels) can be significant and detrimental to not only the region but also to the state as a whole (Oates, 1994: 147).

Friedman and Weinberg (1983: 7) draw on the conclusive example of the Experimental Housing Allowance Program (EHAP, 1973) to claim that demand-side housing allowances are superior to supply-side subsidies from both a social and an economic perspective. From EHAP research Renaud (1998: 757) concluded: “targeted beneficiaries do not have a housing problem so much as they have an income problem. Demand-side subsidies were found superior to supply-side subsidies (in the form of government provided housing) on three accounts: deadweight losses in consumer welfare; losses of consumer sovereignty; and the comparative resource cost of providing access to housing through housing allowances against the direct provision of a physical unit” (Renaud, 1998: 758). And it is from here that the review progresses.

Arrigone (1994), in conjunction with the Southern African Development Bank (DBSA), assessed project funding and feasibility from a regional perspective. Within the study, appropriate guidelines were proposed for the planning and preparation of housing projects. The first of these guidelines is rather obvious: acquisition of information from the specific community and an accurate assessment of the present housing conditions

(Arrigone, 1994: 6). The identification and assessment of a possible housing project needs, as the DBSA emphasizes, a set of realistic minimum standards so as to avoid unsustainable projects and an inefficient allocation of resources (Arrigone, 1994: 6). The need for housing is able to by-pass any of the social agendas via adopting a twofold quantitative assessment – based on population growth and the need to eliminate housing backlogs (Arrigone, 1994: 6).

Moreover, the project needs to be affordable for both state and the relevant target income group – “the monthly amount that an average household should be expected to set aside for the repayment of a housing mortgage is an issue that concerns planners, economists and decision makers” (Arrigone, 1994: 13). Consequently, the realities of South Africa’s specific populations become an important factor and housing policy needs to cater for the range of affordabilities (Arrigone, 1994: 13).

In addition, housing projects need to play a central role in supporting the livelihoods of its new residents (Charlton, 2004: 4). Charlton (2004: 4) provides two clarifying examples: the first is a well located state housing development in an inner-city environment which confers upon some of its residents the ability (due to zero transport costs) the opportunity to run a successful vendor business; the second example is a rural plot which has the spatial dimensions to allow for a subsistence vegetable garden to be established. In both of these cases, beyond the simplistic structure of the house and what it tangibly is, the house adds significant value to the lives of its residents (Charlton, 2004: 4).

To provide another layer of normative clarity to the argument, Ebsen and Ramboll (2000: 3) forward economic sustainability as a crucial component of a housing project. Charlton (2004: 4) links the success of a housing project to its ability to provide income-generating activities. Therefore, locational issues become key as they (by its situation with regard to schools, hospitals, etc.) are able to overcome the problem of homelessness as well as determine the work opportunities of residents (Charlton, 2004: 4). Cost factors need to be considered as land value is a built-in cost component of the state funded project (Charlton, 2004: 11). Thus, the costs to government need to be weighed against the economic benefits citizens will gain in terms of affordably being able to access their working environments (Charlton, 2004: 11).

Due to the idea that state housing should be an asset to both the individual as well as the authorities, social housing units need to be assessed before a thorough investigation can be claimed. As Charlton (2004: 4) made clear, a housing project should be an asset to the beneficiary; but more than this also to the authorities in terms of rate generation and basically avoiding financial drain on the city (in the form of maintenance and management costs). Social housing has been viewed, within the literature and through empirical evidence, as a sustainable solution to human settlement issues (Draft Social Housing Policy, 2003: 3).

Lastly, Charlton (2004: 13) highlights the urgent need to link housing projects with the long-term economic need of its beneficiaries. Housing developments, according to Charlton (2004: 13) should be “places of opportunity” – beyond just the delivery process and the short-to-medium-term creation of jobs in the construction sector. Beyond this, housing projects need to be coupled with training programs and initiatives which aim to empower and enable the community so as to turn massive fiscal projects into sustainable and beneficial economic and social assets (Charlton, 2004: 13).

Within a state funded housing project, there are undoubtedly constraints in terms of realizing socio-economic distribution within the confines of fiscal parameters. Disputes have occurred regarding the width versus depth debate: which essentially juxtapose the deliverance of a small number of complete and quality houses with the dichotic outcome of a large number of relatively crude houses (Charlton, 2004: 6). Following from this disjuncture, Khan and Thurman (2001: 10) find that in either case the state seems to be reliant on large developers since, in the case of both quantity and quality of housing, economies of scale are essential in the provision of affordable housing. Although the alternative approaches of community self-help projects and NGO-driven developments have convincing arguments in their favour, related time-consuming and process-orientated methods seem to place them beyond the feasible reach of nation-wide implementation (Khan and Thurman, 2001: 11).

Over and above the issue of policy formulation, government failure - in the form of political and bureaucratic failure - can lead to fiscal inefficiencies (Black *et al*, 2005: 77). Politicians exploit the ignorance of voters and tend to adopt popular as opposed to appropriate policies in a bid to maximize support (Black *et al*, 2005: 77). Bureaucrats then, following what Black *et al* (2005: 79) refer to as a rational course of behaviour, make use of the political channels afforded to them in an effort to maximize their utility; usually manifest in the housing sector by the misallocation of funds (a means to try and increase budget allowances) and building projects awarded on the grounds of biased selection.

Miscommunication, mismanagement, corruption, ill-founded assumptions, and red tape all combine to further hinder fiscal success (Khan and Thurman, 2001: 11-18). Along with this many housing subsidies remain constant and fail to take into consideration the effects of inflation, increasing land values, infrastructure provision and are essentially characterized by confusion regarding property rights and a lack of vision and creativity on the part of policy planners (Khan and Thurman, 2001: 18-19).

3. THE AIMS AND VISION OF STATE HOUSING

In terms of outlining the normative nature of South Africa's housing policy, government's official vision and mission statement prove to be useful points of departure. Within the overarching vision, emphasis has been placed strongly on "sustainable human settlements with access to socio-economic infrastructure" (Housing Mandate, 2009). Such considerations echo Charlton's (2004: 4) recommendation that projects be economically sustainable and play a central role in supporting the livelihoods of residents. Similar sentiments are reiterated by the Department of Housing's mission statement: "To establish and facilitate a sustainable process that provides equitable access to adequate housing for all within the context of affordability of housing and services and access to social and economic opportunities" (Housing Mandate, 2009).

Furthermore, section 2 of the Housing Act (Act No. 107, 1997) centres the realization of these promises on the successful integration of government, provincial, and local departments. Established here, in the hope that economic viability can be simultaneously integrated with state housing provision, is the need for all three spheres of government to interact effectively and coordinate housing initiatives. Also captured within this document is the need for good governance, seen through the reiteration of transparency, accountability, and planning. This decentralized approach, similar in form to that

discussed by Oates (1994: 129), necessarily requires the careful allocation of jurisdictions and sound managerial capacity if it is to prove successful.

Despite the growing urban demographic of South Africa, government has remained committed to fairly distributed housing patterns as it is argued that population growth will result in a 'numerically stable rural population' (Housing Whitepaper, 1994: 5). Specifically, within these economically capped rural districts housing has been identified as a tangible means towards improving the quality of peoples lives (South Africa Yearbook, 2007/08). Once again closely mapping the literature on economic empowerment and sustainability (Charlton, 2003), the Eastern Cape Department of Human Settlements has taken care to note that the provision of shelter alone is not sufficient in order to meaningfully improve the lives of rural populations (Mabandla, 2009: 2).

Hence, what is required is a shift from an essentially single-sector approach to a dynamic multi-sector approach (Mabandla, 2009: 2). In order to concretize this, Mabandla (2009: 2) is quoted as saying that "the achievement of sustainable communities will not see light when housing delivery continues to be isolated from other assets and services that are key to sustain the livelihoods of communities". Unsurprisingly, a similar holistic view to housing provision was enshrined within the 1994 Housing Whitepaper (1994: 8).

Government did take cognizance of the arduous task at hand, making reference to service backlogs and the almost insatiable demand for state sponsored houses (Housing Whitepaper, 1994: 9). Unlike Renaud (1998: 757), however, government has overlooked any possible shift from the supply-side framework to a people driven demand-side approach. Subsequently, despite Arrigone's (1994: 6) need-based fiscal allocation method (demand-side) not influencing policy, the far-reaching geographical disparities have been factored in along with the reality of a multitude of low-income households and their specific needs (Housing Whitepaper, 1994: 9). Mabandla (2009: 2) thus highlights the need for effective coordination (both horizontal and vertical) within the delivery process, and stresses the Housing Departments commitment to quality and the accelerated provision of housing.

In light of these considerations, government introduced the Comprehensive Housing Plan in 2004. The plan essentially spanned a five year period, terminating at the end of 2009 (South Africa Yearbook, 2007/08). The plan aimed to achieve the formation of a single formal housing market, the acceleration of delivery, and to transform the spatial characteristics of housing into non-racial settlements (South Africa Yearbook, 2007/08). The plan also had several secondary objectives, including the diversification of housing stock (rental and social housing), community creation, and ensuring that property and house holdings were transformed into an asset for wealth creation and empowerment.

Reverting back to the spatial characteristics of housing developments, government expressed various concerns (and made attempts to rectify these) regarding the geographic locations of many of the housing and infrastructure developments. The main concern, as mentioned earlier, deals directly with the sustainability of human settlements and the livelihoods of the people staying there (Housing Atlas, 2005: 2). Beyond a lack of economic opportunities, the Housing Atlas (2005: 2) suggests immediate focus needs to be placed upon the provision of social, cultural, and recreational facilities as well as the provision of suitable housing. The Housing Atlas (2005), which maps the framework for the National Spatial Development Program, therefore prioritizes housing projects in

terms of both need and potential for economic growth; going so far as to prioritize skills development over huge infrastructure development.

On the other hand, government's housing vision extends its centralized supervisory mandate to include broader fiscal oversight and financial monitoring (focusing chiefly on corporate loans and mortgages). One of the legislative bodies found here is the Home Loan and Mortgage Disclosure Act 2000, which aims to monitor the financial institutions serving the housing-credit needs of communities (South Africa Yearbook, 2007/08). Through such a supervisory process, government hopes to eradicate traces of unfair practices and ensure non-discriminatory access for all citizens to loan-services and financing (South Africa Yearbook, 2007/08). In addition, initiatives have been launched in order to make available housing-finance products and subsidies from the Department of Housing (South Africa Yearbook, 2007/08).

The above qualitative goals were legislatively enshrined in the 1997 Housing Act, along with verbalized aims to meet quantitative targets like the provision of a million houses by 1999 (Khan & Thurman, 2001: 3). Promises of access to permanent residential structures with secure tenure, the assurance of privacy, the provision of adequate protection against the elements, potable water, sanitary conditions and domestic electricity supply have provided the African National Congress (ANC) with much popular support. But, it remains to be seen whether these pipe-dreams have yet been realized.

4. CASE STUDY: KOUGA LOCAL MUNICIPALITY

By way of an introduction, Khanya-aicdd (2008: 5) place Kouga local municipality approximately 20km west of Port Elizabeth and within the municipality's jurisdiction lies Patensie, Hankey, Jeffreys Bay, St Francis, Humansdorp, Oyster Bay, Andrieskraal, Lorie, and Thornhill. Kouga local municipality was chosen for study as a result of its interesting population and housing dynamics: an expanding population coupled with an increased demand for housing and a growing reliance on informal settlements.

Within the Kouga local municipality, the nature of both the supply and demand for housing act as a qualitative as well as a quantitative delivery barrier. The supply-driven framework, aimed at the new mandate of reducing informal settlements, stands in stark contrast to the expressed needs of the residents. It needs to be noted that residents have expressed a desire for housing provision to be hierarchically structured, tailored towards the need and demand of the citizens rather than on political goals or agendas. A focused discussion group in Hankey, Ward 7, led to the identification of the following grievances:

Table 1: Focused Group Discussion Ward 7 – Hankey.

Key Issues	Comments
1. Slow Delivery	Sometimes we have to wait 3 years or even longer for a house.
	When you get your house depends when you applied, it is more difficult if you applied late.
	There has been delivery but it has been too slow.
	We need houses to be delivered every year and there always seems to be a huge delay before projects begin. They should begin immediately.
	They must spend budgets immediately as we need houses. Why must we wait so long?
2. Increase in demand	A lot of us ex farm workers have come into Hankey to have better access to services.
	Demand is also being driven by young people moving out from their parent's houses.
	Some farm workers are also evicted off their farms if they can't pay the rent.
3. Poor quality	Houses delivered are too small and toilets should not be in the house. We should be able to have a choice over the design of RDP houses e.g. 2 -3 options.
	Too small as they can not accommodate a whole family
	Overall quality of RDP houses is poor and there are cracks and the houses leak.
	The zink roofs leak and if there are strong winds the whole roof is often blown off. We need to secure our roofs by placing rocks on them.
	The materials used in RDP houses are very low quality. The windows and doors often break and we have no money to repair them.
	Need facer board to secure our roofs.
	When contractors build the units they are not always finished at the same time and often they will come back later to plaster etc and then we need to move out again.
	Some inspectors do not complete work to a satisfactory standard and municipal inspectors are not effective.
	Many of the concrete blocks used are cracked and leak.
	We would prefer brick houses as they are better looking.
5. Other focus areas	Housing delivery should be linked to skills delivery.
	Housing and unemployment are the two major challenges in our area yet when contractors come to build there are only limited opportunities for work.
	Priority is given to squatters? Why? The people who have lived in the municipality for years like us ex-farm workers should be given preference.
	There are only informal settlements in some of the wards and they tend to get priority in terms of housing provision.
	Building my own home would be good for me as I am unemployed.
	Our traditional mud homes do not last long in poor weather and thus we need brick houses with a proper roof. We spend a lot of time repairing them.
6. Services	Need to consider location of schools before building houses.
	We also want a nice environment with parks for our children.

Source: Khanya-aicdd, 2008: 18.

Dealing systematically with these grievances, fiscal federalism (in the form of a split distribution function between central and sub-national government) has led directly to the slow provision of housing. As outlined by Prud'homme (1995: 208), unresponsive communication channels coupled with unmotivated public officials can often lead to delivery constraints within a decentralized system. In many instances, despite the local municipality having come to a prior agreement with a building contractor, the MEC's provincial housing board in Bisho has taken up to several months to sign off on the project (Khanya-aicdd, 2008: 16). Bottlenecks thus occur whereby input costs have changed (almost always positively) during the delay period, leading to projects being blocked as contractors can no longer afford to uphold their contractual agreement (Khanya-aicdd, 2008: 21).

Also, by referring back to Renaud's (1998: 757-758) supply versus demand-side debate, reliance on a supply-driven process has proved a significant barrier. An analysis of the demographic (table 2) and housing delivery (table 3) data collected by Khanya-aicdd

(2008: 4-21), coupled with a changing municipal mandate, proves useful in explaining this. The municipal economy is third largest in the Eastern Cape and hence 2008 research showed the region to be experiencing a steady influx of people. Table 2 illustrates this demographic trend, revealing an overall increase in the municipality's rural population of approximately 8 151 people between 1996 and 2001. Furthermore, the table translates this population change into a rural growth rate of 11.5% over the same 5 year period. This increase in population led local infrastructure to become strained, and subsequently the informal settlements increased in scale.

Table 2: Rural Demographic Data.

Demographic Area	1996	2001	Percentage Change (%)
Hankey TLC	9 273	8 026	-15.5
Humansdorp TLC	19 953	21 891	8.9
Jeffreys Bay TLC	11 630	16 185	28.1
Patensie TLC	4 442	4 268	-4.1
St Francis TLC	1 642	2 198	25.3
Oyster Bay LC (incl Umzamowethu)	423	342	-23.7
Rural	15 449	17 783	13.1
Total	62 542	70 693	11.5

Source: Khanya-aicdd, 2008: 6.

Table 3 graphically illustrates the magnitude of this informal settlement sprawl, with housing needs outstripping delivery and hand-over statistics by roughly 11 000 units (average of 5 people per house) in 2007 as compared with only 1 200 units in 2001. The municipality, in an effort to combat the trend through a supply-centred approach, shifted their priority away from a need and eligibility basis to the eradication of these settlements (Khanya-aicdd, 2008: 4). When the increased housing demand and priority change is linked with a constrained housing supply, it becomes apparent that certain populations (local, and often aged, farm-workers) are necessarily excluded from the process and often left in an extremely vulnerable position (Khanya-aicdd, 2008: 4).

Table 3: Delivery of RDP Housing by Year.

Year	Estimates of housing needs	Number of housing units built and handed over
1994	N/A	0
1995	N/A	N/A
1996	N/A	380
1997	N/A	600
1998	N/A	764
1999	N/A	147
2000	5 504	N/A
2001	6 115	150
2002	6 576	362
2003	7 306	187
2004	8 118	455
2005	9 019	335
2006	10 022	521
2007	10 776	507
TOTAL	63 436	4408

Source: Khanya-aicdd, 2008: 8.

Next, the poor quality of the houses need to be addressed and attributed a root cause. The immediate explanation is similar to previous discussions and stems from the Province's reliance (mandate inflicted) on emerging contractors. Khan and Thurman (2001: 11) argued these contractors to be inefficient by way of time-consuming and process orientated methods. Figure 2, which depicts a stair case leading to a closed wall, provides a concrete example of poor planning and unnecessary construction delay on the part of these contractors. Additionally, Khan and Thurman (2001: 10) stress that without the ability to achieve economies of scale and overcome financial difficulties these contractors have been unable to deal with the system of being awarded tenders to build houses at a fixed cost – regardless of inflation or any unforeseen factors. The findings of Khanya-aicdd (2008: 21) agree with Khan and Thurman (2001) and in the event that costs increase, as they often do during delay periods, the only saving means available to these contractors is to lower both the standard and quality of their work. A common technique used, which is evident throughout the province in the number of crumbling and visibly degraded houses, is the use of lower cement ratios.



Figure 2: Construction Error. Hankey, Eastern Cape.
Source: Khanya-aicdd, 2008: 10.

Another dominant method used to cut costs at the expense of quality is to place rather than securely fix the roofing panels. Figure 3 serves to highlight this problem and give an indication of the aesthetic result (residents forced to secure their roofs with rocks and stones). Further compounding the problem is municipal housing inspectors that are obviously not holding contractors responsible for any poor workmanship (Khanya-aicdd, 2008: 21). As noted figures 2 and 3 depict this situation, with a number of RDP houses needing either urgent repairs or to be rebuilt.



Figure 3: Unsecured Roofing. Hankey, Eastern Cape.
Source: Khanya-aicdd, 2008: 10.

It is also essential, if corruption and mismanagement are to be overcome, for an accurate housing demand database to be established. It is evident that the supply-orientated housing distribution is not equitable, seen through the number of recent migrants that have been given priority over long-standing residents. An effective database would also be able to address many of the fraudulent claims which plague the delivery process, with the present screening process taking up to 6 months by which time these individuals have been allocated land (Khanya-aicdd, 2008: 16). Moreover, a database would overcome many of the planning and communication breakdowns which arise from the segmented and stretched federal system, finally allowing for the divergence in planned projects and housing backlogs to be addressed. Within Kouga itself, table 4 presents itself as a manifestation of the short-comings of a supply-driven process, revealing that the distribution of projects does not fall in line with the housing backlog figures and a number of Wards have been entirely neglected. Despite several Wards having large housing backlogs there are no current projects underway, or even future projects planned, in an effort to address the problem.

Table 4: Housing Backlog and Current and Approved Projects by Ward.

Region	Housing Backlog	Current no. projects (no. of units)	Approved projects for 2007 - 2009
Kouga	10 766	1 037	633
Ward 1	840	0	0
Ward 2	2 710	0	0
Ward 3	0	0	0
Ward 4	2 000	607	0
Ward 5	860	0	0
Ward 6	860	0	0
Ward 7	910	40	273
Ward 8	680	0	360
Ward 9	1 840	310	0
Ward 10	740	80	0

Source: Khanya-aicdd, 2008: 9.

In addition, the community expressed concern that the delivery of housing was not linked with any form of skills transfer or development. Similarly, housing projects were generating little to no local employment opportunities. Charlton (2004: 4-11) covered much of this within the theory, stressing the important role played by income generating activities and the development of skills in the success and sustainability of a housing project. The economic benefits accruing to residents need to be affordable in terms of being given the means to re-pay the housing loan, and supportive by way of way of financially and socially stimulating the community – both of which are void in this instance (Charlton, 2004: 4).

However, the theoretical and practical stance adopted by Wehner (2000) and Oates (1994) would claim that local municipalities are best able to internalize the benefits of a public good or service. Niskanen behaviour is one possible explanation here with public officials, even in the presence of a slow institutional transfer of money, supporting inefficient and unplanned projects in an effort to exhaust (and hence maximize for the following year) their prescribed budget (Oates, 1994: 146).

On the other hand, this juxtaposition (between theory and reality) can be attributed to challenges surrounding the institutional transfer of money (Khanya-aicdd, 2008: 16). Structurally speaking, housing within the Eastern Cape is hierarchically ordered underneath the provincial Bisho office (Khanya-aicdd, 2008: 16). Thus, all money which is distributed from this head office needs to pass through several stringent control mechanisms, leading to a number of bureaucratic delays and hold-ups. As a result, many of the smaller and local contractors (whose staff are recruited from the community and hence support local skills transfer) are unable to undertake any of the projects due to an insufficient cash flow capacity necessary to deal with payment delays (Khanya-aicdd, 2008: 16). Hence, larger companies dominate the sector and permanent skilled staffs become a feature of their workforce.

5. CASE STUDY: NGQUSHWA LOCAL MUNICIPALITY

In terms of setting the scene, in 2007 the Ngqushwa local municipality was approximately 19 380 houses in arrears (de Nobrega, 2007: 8). At the then current (2007) levels of delivery, it would take authorities over 30 years to eradicate this backlog (Budget Statement, 2007/08: 31). However, within the municipality itself a myriad of other issues combine to further stall housing delivery. Mcoseli (head of the housing unit at Peddie) highlighted the need for an investigation into why many beneficiaries have left structures empty whilst others have even failed to complete the hand-over process and take ownership of their RDP homes (de Nobrega, 2007: 10).

Again, quality issues are a pertinent concern with structural defects marring many of the houses. Prud'homme (1995: 208) attributes the failure to the focus in developing countries being on the satisfaction of a basic need (in this case housing) rather than on detailed taste and quality functions. The inability of local government to perform its redistributive and allocative role in line with these detailed taste and quality functions has led some beneficiaries, according to Mcoseli, to opt to remain within their existing homes as many of the houses are not watertight: “when it rained, water would come in through the roof, along the bottom and top edges of the walls and around the doors” (de

Nobrega, 2007: 10). Figures 4 and 5 depict the problem and reiterate why it makes little sense for residents to abandon their existing homes for an inferior shelter when possessions within the house, exposed to the elements, are frequently damaged or destroyed (de Nobrega, 2007: 10).



Figure 4: Cracked Wall and Unsecured Roof. Peddie, Eastern Cape.
Source: de Nobrega, 2007: 11.



Figure 5: Flawed Structures. Peddie, Eastern Cape.
Source: de Nobrega, 2007: 12-13.

Figure 6, an unvarnished and broken door, further highlights the quality concerns. However, keeping these structural defects in mind, Mcoseli mentioned that the Housing Department has ceased with many of the regular meetings, in effect closing down many of the channels for communication and quality complaints (de Nobrega, 2007: 15). In

contrast to Black *et al's* (2005: 77) claim that politicians adopt popular as opposed to appropriate policies, this behaviour would suggest that public officials within the municipality are unmotivated and care little for the needs of the people.



Figure 6: Broken Door. Peddie, Eastern Cape.
Source: de Nobrega, 2007: 12.

Contrary to Prud'homme's (1995: 208) claim that citizens are unable to express any dissatisfaction with local conditions by voting with their feet, the multi-year lifespan of housing projects and a lack of employment opportunities has led many of the registered beneficiaries to leave the area (de Nobrega, 2007: 16). The problem is further compounded by a waiting list that is over-crowded and subject to bureaucratic corruption, leading in some instances to an additional waiting period of up to several years (de Nobrega, 2007: 16). There is thus evidence (in line with the arguments of Oates and Wehner) to suggest that the National Housing Department, and even the Provincial Department, is not the most efficient legislative and planning body in this regard as they are both distant from the on-the-ground reality. In short, "although National Government has an overarching responsibility around housing matters, the implementation of policies lies with the different spheres of government, thus making it impossible for National Government to determine where projects should be allocated and resources distributed" (Annual Report, 2006/07: 27). In order to properly illustrate the magnitude of this criticism, a United Nations Special Rapporteur on Adequate Housing stated that the successful delivery of housing was being significantly compromised by the fragmented governmental approach to the implementation of housing law and policy (Kothari, 2007). Mcoseli confirmed the problem, saying that she was expected to comply with provincial policies regardless of resource (capital and human) constraints and whether or not they were in fact appropriate (de Nobrega, 2007: 17).

Rather than adopting unsustainable public policies as Fjeldstad (2001: 4) suggests, redistributive policies under the auspices of decentralization have been constrained by severe staff and skills shortages. The high vacancy rates, illustrated in figure 7, necessitates that the Provincial Department (which is itself understaffed and overly stretched) intervene within the municipality in order to compensate for the lack of local technical skills (de Nobrega, 2007: 18). The figure reveals that both general and critical (essential positions) vacancy rates are experiencing an upward trend, with significantly more than half the staff positions on both accounts left unfilled. The problem of under-capacity is thus exacerbated, with the municipality expected to act as a project developer with only one person employed in the housing unit along with a single building inspector (de Nobrega, 2007: 19). Thus, rather than having to act as a fiscal lender of last resort the central government is increasingly called upon to implement economic policy and compensate for inadequacies by way of human capital rent. To sum this problem up the ideal ratio is one project manager to every five projects, however, the reality within the Eastern Cape (of which Ngqushwa municipality is a microcosm) is that the ratio is one project manager to every 25-30 projects (Sneller Transcriptions, 2007).

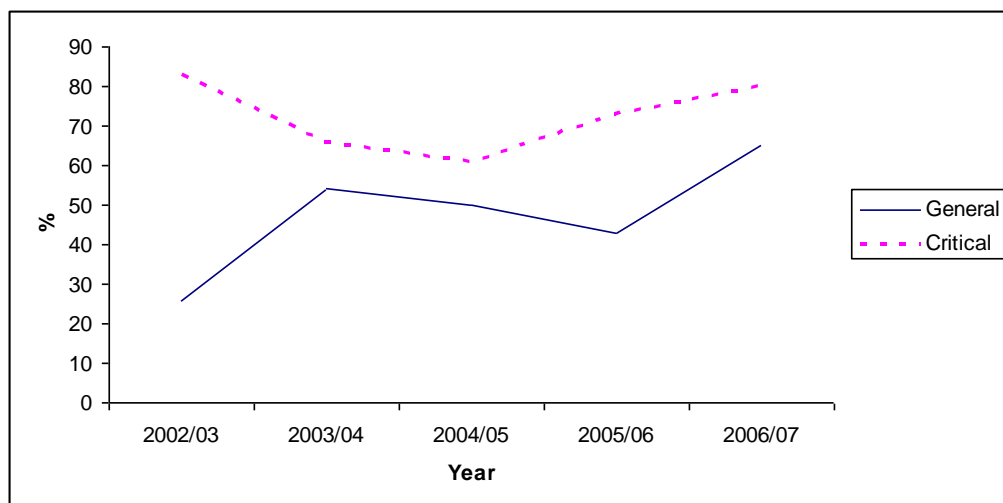


Figure 7: Trends in Eastern Cape Vacancy Rates: 2002/03 to 2006/07.

Source: de Nobrega, 2007: 18.

At the same time, housing delivery within Ngqushwa municipality has been compromised by widespread political interference. Ill-founded assumptions, red-tape, and bureaucratic failure have led policy developments, as Khan and Thurman (2001: 11-18) predicted, to ignore the effects of inflation, increasing land values, and adequate infrastructure provision. Policy dictated that the projects should be preferentially awarded to emerging contractors rather than established ones, despite these contractors often having unreliable methods of communication, heavy cash flow constraints, and a lack of skills and experience which all lead to the delayed completion of projects (de Nobrega, 2007: 23). Along with this, emerging contractors are put under increased strain when the housing subsidy is compared with inflation rates: between February 1998 and February

2005 the cost of building materials rose by 143% while the housing subsidy increased by less than 50% (National Department of Housing, 2006/07: 18-21). Rather than having the means to deal with these increased costs, emerging contractors have tended to (as seen in the above figures) take short-cuts at the expense of quality housing.

Furthermore, a large percentage of the management and financial monitoring systems within the municipality appear either to be weak or non-existent. As Oates (1994: 129) made clear, the ability of local governments to effectively manage a public project (such as housing) pivots around central government establishing a set of necessary rules/parameters to guide the process. de Nobrega (2007: 24-27) states that business plans, along with planning regulation and quality checks, were subject to inspection only post 2006 when an authoritative body was first established – many of the technicalities before then going overlooked. The Department has also been subject to repeated audit disclaimers as there has been inadequate monitoring of transfer payments. Developers within the municipality, prior to the handover of payments, should have conducted thorough inspections of the project site in order to ensure compliance to quality and brief standards.

Lastly, there is little to no coordination between the Eastern Cape Housing Department and the National Housing Department. Rather than fiscal responsibility taking the form of a joint state/sub-state venture, the aims and expectations of the separate authoritative bodies have historically diverged. Whereas the national norm for subsidized housing was a gross floor area of 30m² (for which the housing subsidy was intended), the Eastern Cape Department demanded a minimum floor area of 40m² (National Department of Housing, 2006/07: 11). Solomon (2009: 1) reiterates this problematic breakdown between governmental tiers, arguing that the national housing subsidy of R16 000 was inadequate to cover costs over and above the standard design. Solomon (2009: 3) went on further to juxtapose conventional building costs of R3 000 per m² with the R400 per m² available to government contractors. As a result, service quality was jeopardized and a number of housing structures were compromised by contractors foregoing the placement of lintels – the horizontal beam or structure above a window or door opening that supports the roof. Without the necessary funding to undertake such operations this concern has repeatedly appeared as a major barrier inhibiting the success of housing projects through undermining both construction time and quality.

6. ALTERNATIVES AND RECOMMENDATIONS

Contrary to the preceding case studies, several options exist as alternatives to the standard RDP housing formula. One such option explored by Del Monte (2009: 23-24) is social housing, and originates from the idea that housing should be an asset to both the individual and the authorities. This option is clearly exemplified through the Sakhasonke Housing Village Initiative, situated near Port Elizabeth in the Eastern Cape. The Village is a revolutionary low-cost housing alternative, drawing on economies of scale in order to provide quality and better located settlements. The houses (illustrated in figure 8) differ from traditional unit design and are a combination of duplex and triplex configurations. By doing this, contractors were able to make use of joint communal walls and services in an effort to cut costs (rather than compromising on quality). Figure 8 also shows how

within the Village itself the needs of the community have been met by installing paved walkways and green public spaces, creating a friendly and clean living environment. An evaluator of the project, after completing an inspection, described the Village as “resembling a townhouse complex that provides security, a quality and healthy environment with social ambiance” (Del Monte, 2009: 24).



Figure 8: Sakhasonke Village.
Source: Del Monte, 2009: 25.

Again, this medium density housing village has been more successful than low density alternatives in several regards. Table 5 reflects these benefits, however, the most important of these is the ability to translate the reduced land and service costs into a 46m² top structure as opposed to the 35m² top structure provided by low density alternatives.

Table 5: Comparative Project Costs.

Project Costs	Low Density	Medium Density
Professional Fees (R)	1 000	1 000
Land Costs at R3/m2 (R)	687	219
Services (R)	9 279	5 500
Top Structure (R)	18 371	22 618
Area of House (m2)	35	46
Building Costs/m2 (R)	525	492
Other Costs (R)	1 500	1 500
Total (R)	30 837	30 837

Source: Del Monte, 2009: 24.

Further benefits are numerically captured by table 6. The reduced land and service costs were also able to be re-channelled into realising an inclusive housing settlement. By increasing the number of housing units from 126 to 337 (on the same size land plot), Sakhasonke has allowed for a number of residents who would otherwise have been confined to waiting lists to gain access to RDP housing.

Table 6: Comparative Key Figures.

Key Figures	Low Density	Medium Density
Area of Settlement (m2)	44 900	44 900
Residential Area (net m2)	27 185	24 629
Number of Houses	126	337
Gross Residential Density (units/total area)	28	75
Net Residential Area (units/residential area)	46	137
Average House Size (m2)	35	46
Population Potential (at 5 persons per house)	630	1 685

Source: Del Monte, 2009: 24.

But, more than this the Village has proven itself to be sustainable. Charlton (2004: 13) reiterates this point, highlighting the urgent need to link housing projects with the long-term economic need of its beneficiaries. The beneficiaries have taken ownership of their new community and established various community programs including a gardening service, a neighbourhood watch, and a crèche/pre-school facility (Del Monte, 2009: 24). These initiatives go beyond the delivery process and the short-medium term creation of jobs in the construction sector – in effect turning a massive fiscal project into a sustainable and beneficial economic and social asset (Charlton, 2004: 13). Sakhasonke, however, owes a lot of its success to the sound planning and vision that went into the development of the Village ensuring its proximity to economic opportunities and structural longevity.

Most importantly, a number of key lessons can be taken from Sakhasonke Village. In line with Arrigone's (1994: 13) requirements the project is affordable for both state and the relevant target income group. The lowest income bracket (R0 - R1 500) can be offered access to quality housing and the model is easy to replicate in a variety of environments and situations (The Social Housing Foundation, 2006: 7). Secondly, the success of a housing project is inextricably linked to sound long-term management and the involvement of the community (allowing beneficiaries to participate and take

ownership of their new communities). The housing in the Village is also flexible, being able to accommodate rental periods or other tenure agreements depending on the specific needs of the community (The Social Housing Foundation, 2006: 7). But, for a housing project to realize these points it is essential for a post implementation phase to be conducted in order to foster community programs and kick-start the economic and social livelihood of the community (The Social Housing Foundation, 2006: 7).

Following, Overy (2005: 4) carefully details a number of other recommendations and findings. In order for the underspending complaint to be rectified it is necessary for municipalities to be properly capacitated to administer their budgets. But, without adequate strategic planning and a demand driven framework from the National Department it is unlikely that funds will reach either the regions or projects which deserve/need them most. All levels of government, ranging from the Provincial Standing Committee to the National Department of Housing, need to closely monitor their spending throughout the course of each financial year.

Next, and equally important, Overy (2005: 4-5) highlights the need for national and provincial treasuries to ensure that all monies spent are in compliance with Treasury Regulation 15.10.1.2 (b) which requires that “transfer payments can only be made with due regard for efficient, effective, and economical programme delivery”. Any failure to comply with these terms when making transfer payments needs to be stamped out with the most effective way of doing through strict monitoring mechanisms. The monitoring mechanisms, however, should extend further than this and encompass quality and delivery checks as well. It is imperative that national norms and standards are adhered to, making sure that every home built and handed-over is a long-term asset rather than a financial burden.

Overy (2005: 6) suggests the high staff vacancy rates should be dealt with through clearly posted job advertisements and easily accessible training programs. In addition to this, a staff retention strategy needs to be implemented in order to ensure mandates and delivery targets are met with ease and proficiency. If these critical posts can be filled, the funds saved on reduced consulting fees could be channelled into more beneficial aisles of spending in an effort to finally erode the escalating housing backlog.

Finally, legislative accountability can be enforced by requiring departments to publish all resolutions and committee decisions in its annual report (Overy, 2005: 7). Any constitutional violation should be quickly acted upon, with the oversight committees readily able to contact and criticize the MEC for Housing or any other authoritative figure (Overy, 2005: 7). Through this process poor planning and corruption can also be addressed through accurate report-backs and detailed (and easily available) press releases. Such a method would hopefully closer align the Department’s strategic vision with the on-the-ground implementation.

7. CONCLUSION

In conclusion, comprehensive attention has been paid to many of the apparent barriers inhibiting the successful delivery of state housing within the Eastern Cape. In reality, although many of these factors are evident on a nation-wide scale it is important to keep in mind the specific geographical, political, social, and economic independence of individual housing projects.

The most significant issues appear to be informed by the theory of public finance and are largely structural in form. Amongst these, the ineffective breakdown of central and sub-national jurisdictions has led to a host of coordination and planning issues. Along with this, poorly functioning authoritative bodies have given rise to weak managerial capacity, high vacancy rates, the unsustainability of projects and a lack of skills transfer and project oversight.

In order to further explain the unfulfilled policy aims and political visions, development economics helps to explore the inability of local municipalities to translate finance budgets into tangible housing development and infrastructure growth. The quality and relevance of completed housing projects has been overlooked, this again largely due to issues of bureaucratic and fiscal failure. Furthermore, under-staffed departments have chosen to focus on a supply-driven delivery framework, reporting on quantitative (as opposed to qualitative) figures and neglecting specific high-need areas and populations.

Both human and capital constraints are evident throughout the government structure (national, provincial and local), serving to significantly undermine the bodies which are entrusted with the provision of housing. Subsequent inefficiencies have arisen, however, the absence of reliable payment and fiscal distribution channels are amongst the most important. This results in the larger and more efficient contractors opting to pursue alternative tenders, leaving emerging contractors and local developers as the only available choice. These small-scale local companies do not have the financial backing to deal with payment delays, and as such overdue payments (which stem from a centralized housing system based in Bisho) lead contractors to undercut building standards and sacrifice quality in an attempt to reduce costs and maintain their profit margins.

An overview of the housing delivery value chain and the actual functions performed by the specific role-players therein highlight the issues of bureaucratic failure, red tape, and wide-spread corruption – once again characteristic of the literature on public finance. At first glance these failures are evident through the high proportion of blocked, delayed, or discontinued projects. Corruption is rife in the hand-over and supervision process, leading many of the completed projects to be characterized by inferior quality and in need of substantial repair costs.

The residents within these municipalities suffer as a result of the slow housing delivery. Efforts therefore need to be made to better deliver on the political promises and constitutional rights of citizens. Social housing projects, as seen through the example of Sakhasonke Village, offer themselves as potential alternatives to the traditional RDP housing projects. Through cost-cutting methods derived from economies of scale, the firm establishment of a community, and comprehensive planning aimed at economic sustainability, Sakhasonke Village has seemingly been able to overcome many of the barriers which consistently plague housing delivery within the province. Other recommendations were offered, however, it seems that the immediate point of departure needs to be the development of adequate supervision, staffing, communication and reporting mechanisms on a municipal, provincial, and countrywide scale.

Words: 9897

REFERENCES:

- ARRIGONE, J. 1994. *Guidelines for Housing Programmes*. Development Bank of Southern Africa. 1994. South African Government Information. South African Government. Whitepaper. Available: www.info.gov.za/whitepapers/1994/housing.htm [Accessed 6 March 2009].
- BIRD, R. 1990. Intergovernmental Finance and Local Taxation in Developing Countries: Some Basic Considerations for Reformers. *Public Administration and Development*, 10: 277-288.
- BLACK, P., CALITZ, E., STEENKAMP, T. 2006. *Public Economics*. Oxford University Press: Cape Town.
- BROKEN HOMES, 2009. *How the Eastern Cape's Housing Plan Has Failed the Poor*. Available online: <http://blogs.dispatch.co.za/brokenhomes> . [Accessed 24 August 2009].
- BUDGET STATEMENT. 2007/08. *Eastern Cape Provincial Government Budget Statement*. South African Government Information. Available online: www.info.gov.za. [Accessed 6 March 2009].
- BURGER, D. 2008. *South Africa Yearbook*. South African Government Information. Available: www.info.gov.za. [Accessed 24 August 2009].
- CHARLTON, S. 2004. *An Overview of the Housing Policy and Debates, Particularly in Relation to Women (or Vulnerable Groupings)*. Centre For the Study of Violence and Reconciliation: Cape Town.
- CULL, P. 2008. *Cabinet Decision May Speed up Housing Delivery*. The Eastern Province Herald 7 November.
- CULL, P. 2009. *Region on Track for Improved Services*. The Eastern Province Herald 16 February.
- DAILY DISPATCH, 2008. *2008/09 Budget and Policy Speech*. Daily Dispatch 17 March.
- DE NOBREGA, C. 2007. *The Challenge of Delivering Quality Housing in the Eastern Cape: A Case Study into Government-subsidized Housing at the Ngqushwa Local Municipality*. Public Service Accountability Monitor: Port Elizabeth.
- DEL MONTE, L. 2009. *Sakhasonke Housing Village Initiative*. Walmer Housing Development Trust: Port Elizabeth.
- DRAFT SOCIAL HOUSING POLICY. 2003. *Towards and Enabling Social Housing Environment in South Africa*. Available: http://www.housing.gov.za/content/legislation_policies/Social%20Housing%20Policy.pdf [Accessed 27 April 2009].
- EBSEN, C., and RAMBOLL, B. 2000. *International Review of Sustainable Low-Cost Housing Projects*. Danish International Human Settlement Service. Klosterport.
- FINWEEK, 2009. No Idea How to Spend the Money. *Finweek* 18 June.
- FJELDSTAD, O. 2001. *Intergovernmental Fiscal Relations in Developing Countries: A Review of Issues*. CMI Working Papers. Bergen.
- FRIEDMAN, J., and WEINBERG, D. 1983. The Great Housing Experiment. *Urban Affairs Annual Review*, 24.
- HOUSING ATLAS. 2005. *Housing Atlas 2005: National spatial investment potential for housing*. South African Government Information. Available online: www.info.gov.za [Accessed 6 March 2009].

- HOUSING MANDATE. 2009. *Mandate, Vision and Mission of the Department*. South African Government Information. Available online: www.info.gov.za [Accessed 6 March 2009].
- HOUSING WHITEPAPER. 1994. *A New Housing Policy and Strategy for South Africa*. South African Government Information. Available online: www.info.gov.za [Accessed 6 March 2009].
- KHAN, F., and THURMAN, S. 2001. *Setting the Stage: Current Housing Policy and Debate in South Africa*. Isandla Institute.
- KHANYA-AICDD. 2008. *Report on Research Into the Nature and Extent of Housing Demand and Supply within the Rural Areas of the Eastern Cape*. African Institute for Community-Driven Development: Port Elizabeth.
- KOTHARI, M. 2007. *United Nations Special Rapporteur on Adequate Housing*. United Nations.
- MABANDLA, N. 2009. *Policy and Budget speech delivered by MEC for Human Settlements*. South African Government Information. Available online: www.info.gov.za [Accessed 6 March 2009].
- MAQHINA, M. 2002. *MEC: New Approach to Housing Delivery Needed*. Daily Dispatch 1 March.
- MAQHINA, M. 2008. *Housing Minister in EC to Assess Delivery*. Daily Dispatch 2 July.
- MATAVIRE, M. 2007. *New Strategy to Beef up Housing Delivery*. Eastern Province Herald 31 March.
- NATIONAL DEPARTMENT OF HOUSING. 2006/07. *Annual Report*. South African Government Information. Available online: www.info.gov.za [Accessed 6 March 2009].
- OATES, W. 1994. *Federalism and Government Finance*. Edward Elgar Publishing Limited: Cheltenham.
- OVERY, N. 2005. *The Housing Crisis in the Eastern Cape 2000-2005*. Public Service Accountability Monitor: Port Elizabeth.
- PRUD'HOMME, R. 1995. The Dangers of Fiscal Decentralization. *The World Bank Research Observer*, 10 (2): 201-220.
- QUIGLEY, J. 2007. *Program on Housing and Urban Policy*. Institute of Business and Economic Research: Working Paper Series. Berkeley.
- RENAUD, B. 1998. *The Financing of Social Housing in Integrating Financial Markets: A View from Developing Countries*. Sage. Washington.
- SNELLER TRANSCRIPTIONS. 2007. *Formal Transcript of Testimony before the Commission of Enquiry into the Finances of the Eastern Cape: Department of Housing, Local Government and Traditional Affairs*. Sneller Transcriptions: Grahamstown.
- SOLOMON, M. 2009. Watching R17-million crumble. *Grocott's Mail*.
- THE SOCIAL HOUSING FOUNDATION. 2006. *Sakhasonke Village*. The Social Housing Foundation: Johannesburg.
- TIMSE, T. 2009. *Protest Over Poor Housing Delivery*. Eastern Province Herald 23 January.
- WEHNER, J. 2000. *Fiscal Federalism in South Africa*. Oxford University Press, Cape Town.