



REPORT TO SUBCOUNCIL 5

1. ITEM NUMBER : 05SUB 19/10/2017

2. SUBJECT:

DELFT THE HAGUE PHASE 1 HOUSING PROJECT, PHASE 1
CONSTRUCTION OF 1012 BNG UNITS

ONDERWERP:

FASE 1-BEHUISINGSPROJEK, DELFT THE HAGUE: FASE 1-
KONSTRUKSIE VAN 1 012 BNG-EENHEDE

ISIHLOKO:

IPROWUJEKTHI ENGEZEZINDLU ZASE-HAGUE E-DELFT EKWISIGABA-
1: ISIGABA-1 SOLWAKHIWO LWEYUNITHI ZE-BNG EZILI-1 012

3. PURPOSE

For the Subcouncil to note the progress on the Delft The Hague Phase 1 housing project.

4. FOR DECISION BY

Subcouncil 5 – for information purpose

5. EXECUTIVE SUMMARY

As part of the City of Cape Town's 5 year integrated Human Settlements Plan, the City has identified land for development of low-income housing in Delft. All development and funding approvals are in place and the project has received support from various City, Provincial and community role players. The project has been under construction since August 2012 in various phases.

6. RECOMMENDATIONS

It is recommended that:

a) The content of this report be noted.

Making progress possible. Together.

7. DISCUSSION/CONTENTS

The Delft The Hague Phase 1 housing project funding application for the construction of 1012 houses was approved by the Provincial Human Settlement department in 2014. Moreteng Investments was appointed as the building contractor through a competitive tendering process which saw them commence work on site in September 2015. AECOM are the appointed professional consultants supervising the work on behalf of the City of Cape Town. The estimated completion date for this phase as per the contract is June 2018.

This phase of the project has seen various unforeseen delays which have hampered the progress of the project ranging from non-compliances to Health & Safety regulations, poor contractor cash-flow and material supply issues, to work-stoppages resulting from disputes between the main contractor Moreteng and local sub-contractors. Moreteng has removed certain local sub-contractors due to poor quality of works they were producing. Because quality cannot be compromised the City supported Moreteng in this decision but Moreteng has not been able to increase their own capacity and increase productivity.

The contractor to date has handed over 120 units to beneficiaries thus far, which is unacceptable. The contractor's construction programme is currently behind by 1 year, according to their original construction programme. This is unacceptable performance by the contractor.

As a result of the on-going non-performance and quality issues the City has issued the contractor with a notice of termination letter. It is expected that the contractor will complete all units currently in progress before moving off site on 30 September 2017. It envisaged that a further 160 units will be delivered by the contractor before they vacate the site. An alternative arrangement to complete the balance of units left in the Moreteng contract is currently in progress.

To date all 1012 beneficiaries have been approved for the Delft The Hague Phase 1 project. 467 beneficiaries have been approved for the Delft The Hague Phase 2 & Eindhoven project, which will commence before the end of this year. 755 beneficiaries have not responded to letters and SMS's inviting them to come and apply to the project and the matter has been referred to Project Steering Committee (PSC) meeting of 12 September 2017 to decide what should be done regarding further efforts to contact the 755 beneficiaries.

7.1. Constitutional and Policy Implications

None

7.2. Sustainability implications

Does the activity in this report have any sustainability implications for the City?

No ☒ Yes

7.3. Legal Implications

City Legal Services has been consulted for input in the contract termination process currently underway.

7.4. Staff Implications

Does your report impact on staff resources or result in any additional staffing resources being required?

No ☒

Yes ☐

(if yes, please indicate whether or not it is part of the approved staffing structure, whether the posts are budgeted for etc.)

7.5. Other Services Consulted

City Legal Services have been consulted regarding the termination of Moreteng Investments contract.

ANNEXURES

Nil

FOR FURTHER DETAILS CONTACT :

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FILE REF NO	10051115

DIRECTOR: HUMAN SETTLEMENTS
IMPLEMENTATION

Rayan Rughubar

NAME Swita Pantz (Acting)

DATE 21/09/17

Comment:

E. Naude
 PORTFOLIO MANAGER: URBAN
 DEVELOPMENT INVESTMENT
 Erika Naude
 NAME
 DATE 21/9/2017

Comment:

M. Whitehead
 COMMISSIONER: TDA
 Melissa Whitehead
 NAME
 DATE 29/9/2017

Comment:



TDA
CAPE TOWN

The City of Cape Town's Transport
and Urban Development Authority

247

Ex 11/9722

MEMORANDUM

To: Melissa Whitehead: Executive Director – Transport and Urban Development Authority

From: Rayan Rughubar: Director: Human Settlements Implementation

Date: 15 September 2017

Subject: Appointment of Acting Director: Human Settlements Implementation: 20-22 September

The Director: Rayan Rughubar – Human Settlements Implementation, will be out-of-office on business from the 20-22 September.

In order to ensure continued uninterrupted operations and service delivery, it is recommended that **Surita Pentz: Manager-National Housing Programmes and Accreditation Management** be appointed temporarily as Acting Director: Human Settlements Implementation from the 20th – 22nd September with full delegated authority.

Rayan Rughubar
Director: Human Settlements Implementation

Date: 15/09/2017

Erika Naude
Portfolio Manager: Urban Development Investment

Date: 18/9/2017

Melissa Whitehead
Commissioner: TDA

Date: 20/9/2017



APPROVED



NOT APPROVED

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