

# Emerging Co-operative Housing Models in South Africa



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## Background

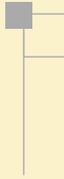
Over the past three years, the Social Housing Foundation (SHF) has facilitated a national co-operative housing programme supported by the South African and Norwegian governments. Through this programme, various housing projects around the country have received funds and support for capacity-building, as part of a pilot programme to investigate the types of co-operative housing projects most suitable for delivery of housing to low-income people.

The following housing projects have been assisted by the SHF as part of the national co-operative housing programme.

- Cope Housing Association in Johannesburg which has developed three primary housing co-operative projects and four co-operatively run as Section 21 companies in the inner city;
- The Hostels to Homes Programme managed by the City of Cape Town, which has undertaken three hostel conversion projects, each formally registered as independent primary co-operatives;
- Amalinda Housing Co-operative, outside East London, which has developed nine primary housing co-operative projects as part of a larger overall greenfield settlement;
- Masisizane Women's Housing Co-operative in Ivory Park, Midrand, a primary co-operative which has upgraded a site-and-service township into individually owned formal housing;

All four projects have developed slowly, with long lead times, but indicate potential for high levels of delivery under the right circumstances. Support has mainly been provided through NGOs and municipalities and the projects have been influenced by models and approaches from international support agencies such as the Norwegian Federation of Housing Associations (NBBL), Rooftops Canada and the Swedish Co-operative Centre. In all cases the co-operatives studied have improved the quality of life of their members, contributed to alleviation of poverty, and addressed social issues such as HIV/AIDS.

**SHF commissioned case studies of a number of pilot co-operative housing projects and has consolidated the findings in this document. Particular emphasis has been placed on identifying lessons learnt which can assist in developing appropriate models for low-income co-operative housing in the future.**



## Creating an enabling environment

The Social Housing Foundation has ensured that the new Co-operative Act contains, for the first time, a specific housing co-operative section. It has prepared and compiled training material to be used in establishing the different types of housing co-operatives and laid the groundwork with Provinces and Municipalities to encourage their growth throughout South Africa.

The four housing co-operatives whom SHF has been supporting and building capacity were chosen for their diversity and replicability. One of the objectives of the programme has been to ensure that each co-operative receives the necessary political, financial, technical and administrative support required for it to achieve sustainability in a short space of time. The programme has been implemented by the SHF Co-operative Team working with Technical Advisors from the Norwegian Federation of Housing Associations and Rooftops Canada.

## Definitions

**A housing co-operative** is an association of people who, on a not-for-profit basis:

- Collectively own and govern their housing on a long-term basis (*continuous housing co-operative*), or
- Collectively develop housing for individual ownership (*development housing co-operative*).

**A continuous housing co-operative** is an ownership model where the housing stock remains collectively owned by the members of a co-operative institution, and members of the co-operative have a right to occupy housing units. This model requires substantial capacity and skills in managing long term co-operative tenure and needs sufficient funds to pay for the services of a management company.

**A development housing co-operative**, involves an institution registered as a co-operative which facilitates the delivery of housing but does not own it. Individual members take ownership when the co-operative hands over the completed houses. Usually the co-operative also has a longer-term interest in developing community livelihoods: jobs, health, collective gardening and training.

This model also requires capacity, skills and support.

**People's Housing Process (PHP)** is a mechanism to build housing using community participation and community-driven processes. There are several government grants attached to this process.

**Technical Resource Groups (TRGs)** are organisations or groups of individuals with technical and community development skills who assist community-based organisations, local authorities and institutions with the delivery of housing.



# COPE HOUSING ASSOCIATION

**Continuous Housing Co-operative requiring long-term management and collective ownership**

## Project objective

To develop a viable and sustainable co-operative programme within the inner city of Johannesburg for people eligible for Institutional Subsidy. The programme must also contribute to reversing the spatial, political and economic inequalities of Apartheid.

## Project description

Cope Housing Association is a housing management company operating in the centre of Johannesburg. It is registered as a Section 21 company and provides development and management services to 700 housing units. Three projects are registered as co-operatives, four are registered as Section 21 companies.

The Housing Association provides three types of core services:

- development services, whereby the stock is prepared for residential use;
- housing management services, which are delivered once the residents have occupied the units;
- training and education of members is also a deliverable of the housing management company as a support service.

## Design and planning

Units between 40m<sup>2</sup> and 60m<sup>2</sup> in low- to -medium rise buildings in the Johannesburg city centre have been built or renovated, some of them as part of the Better Building Programme. All units have individual kitchens and bathrooms and some projects have communal and recreational space.

## Institutional arrangements

The approach in the project was based on the Norwegian mother/daughter system of housing co-operatives. This involved two organisational levels: a Housing Management Company (mother) providing services to housing co-operatives (daughters).

**The housing projects set up within this model were the first housing co-operatives developed for low-income beneficiaries in the inner city. The model has played a significant role in testing a different form of tenure for housing in South Africa.**



The Housing Management Company establishes and registers a housing co-operative initially with a temporary board that develops the property. Those who become members of the co-operative buy a share in it. As members they have a right to occupation so long as they pay their monthly charges. This entitles them to live in a unit and gives them an opportunity to control and assist with the maintenance of the stock. On joining the co-operative, they also make a member contribution. Members who occupy units then pay a fixed amount each month, called a monthly charge, that covers basic expenses, including long term loan repayments, maintenance, insurance, utilities, management fees and administration.

The housing co-operative is managed by a number of agreements with the Housing Management Company, including a use agreement (similar to a lease agreement); a property management agreement; a set of house rules; and a code of conduct. Annual general meetings enable residents to review the performance of directors, and re-elect or replace them. The overall model assumes that the member contribution in the building appreciates over time as the value of the asset appreciates. Members are entitled to a transfer payment related to the appreciated value of the asset should they leave the co-operative. This is paid as the member contribution of the incoming member.

## Development process

Co-operative projects are developed with the use of institutional subsidies, bridging finance from a Trust Fund and long term finance from the National Housing Finance Corporation. The temporary board oversees the development process from outline design, planning permission, detailed design, starting on site, through to the completed buildings. Cope assists new members to establish a permanent board of directors to replace the

interim structure. Members of this board of directors, which has to be constituted within two months of occupation, must come from the resident group.



## Key lessons from Cope Housing Association

- A co-operative model where tenants have complete control over decision-making should not be attempted until tenants show commitment, stability and understanding of governance issues and have the necessary support in place.
- This mother/daughter model requires high start-up costs and an ongoing income to pay for the management services provided by the Housing Management Company.
- Replication of this model requires changing the legal framework, enabling a gradual transition to self-management and resident understanding of issues such as full payment of member contribution, monthly charges and transfer payments.
- The model assumed that tenants would easily adapt to responsible self-management but this underestimated the strong desire for individual ownership, and the desperation to access housing independently of the system of joint ownership, management and participation.
- Grant funding received from donor agencies also created a mindset which worked against application of strict financial criteria in respect of staffing costs, productivity and cost recovery.
- Cope's NGO legacy and the related dependency on grant income prevented the professionalism and business-based approach required to manage and service the various housing projects
- Under the initial property management agreements, the Housing Management Company (Cope) did not have the power to intervene directly in the affairs of the co-operative without a specific request from the board of directors. This had disastrous consequences in managing defaults.
- The model assumed that skill, experience and competence could be sourced or developed and retained without difficulty.
- The ability to build at scale has to happen very early on. The model is therefore only appropriate for situations where a large number of units (over 2,000) can be developed and managed in a short space of time, i.e. 2 to 3 years.
- Funds for training and capacity-building need to be included in both the capital cost (i.e. development costs) as well as operational costs (i.e. monthly charges) of the project in order to make this model sustainable.

# DIBANISA LINTSAPHO-

## Hostels to Homes Programme

**Continuous Housing Co-operative requiring long-term management and collective ownership**

### Project objective

The overall objective of this programme is to convert single sex hostels into affordable family accommodation which is co-operatively owned and managed by the beneficiaries/members.

### Project description

The City of Cape Town has converted 118 units in two different projects (19 units in Lukhanyo, Guguletu, and 99 units in Welcome Zenzile, Langa). A third project, Illinge Labahlali in Nyanga, is currently underway and will develop 274 units in six different hostels blocks converting 429 rooms in total. Illinge Labahlali will take advantage of the lessons learnt from both the construction and management problems which inhibited the first two projects. This project is also designed in such a way as to support a livelihoods and social needs approach to the delivery.

### Design and planning

Low-rise dwellings, two storey walk-ups, row houses and semi-detached units define the type of conversions in this programme. Initially, projects were converted with shared kitchens and bathrooms, but it has become evident that beneficiaries desire their own kitchens so provision for this has been made in the most recent projects. The conversions also take into consideration the multitude of informal economic activities undertaken in the hostels and the surrounding areas and makes provision for them in the planning and design.

**The work of the City of Cape Town in converting single sex hostels to family accommodation is giving an opportunity to test a co-operative housing approach for very low-income transient workers. The programme demonstrates ways in which community-private-public partnerships can be mobilised to develop a holistic and sustainable approach to housing development.**



Space is being allocated to spaza shops, multi-purpose venues, vegetable gardens and recreational areas in the design of Illinge Labahlali.

## Institutional arrangements

Each project is made up of a registered primary co-operative with members who have made member contributions to the re-development. The co-operative membership elects a board to govern the institution. Members have use agreements to occupy their units. The co-operatives are currently managed by a small private sector property management agent, who charges very low management rates, in order to keep monthly charges as low as possible. The local authority has provided development and capacity-building support. Ownership of the hostels will be transferred to the housing co-operative once development is complete.

## Development process

Land is provided to the project at a nominal cost by the Council and transferred to the primary co-operatives after occupancy and sustainability. The capital cost of the

renovation and construction has been financed through the hostel grant, special top-ups from the City, institutional subsidies and member contributions (This special top-up from the City only applies to Welcome Zenzile). Contributions to the development of the project have also been made through the companies which previously leased the hostels (Lukhanyo and some hostels within Illinge Labahlali benefited from company contributions). An additional amount is added to the project from beneficiary savings.

The first development (Lukhanyo) used institutional subsidies and lowered the development costs by applying labour-based construction methods. This required close supervision and capacity building for the residents, which was undertaken by the programme staff from the municipality.

The second co-operative, Welcome Zenzile, was financed through the Hostel grant, a top-up grant from the City, and a member contribution of R1,050 from each member.

The third co-operative project, currently under construction, will use institutional subsidies, People's Housing Process (PHP) facilitation and establishment grants, and an increased portion of member contributions.

# Key Lessons from Hostels to Homes Programme

The programme is still at the early stages of development but some useful pointers already exist:

- The local authority has been the champion of these projects and has attempted to take on both the facilitation and development functions. A balance needs to be found between the time consumed in participatory methods of delivery, and the requirement to speed up delivery.
- More professional systems of property management are required to ensure that monthly payments are made.
- The third project under development is supported by a technical team, and this is proving a more successful method of dividing up the project development functions.
- Additional funding is required for social facilitation and capacity-building which is currently provided by the local authority.
- The conversion process in the first project demonstrated that considerable Council time and resources are required to involve residents in the upgrading of the units. This approach was used to cut costs in the first project, but overestimated the commitment of members to participate in the process. Using formal contractors is a preferable approach to upgrading but is more expensive.
- Training and education programmes need to be made more accessible and appropriate to the target group. The programme needs to develop dedicated training officers and project managers who have specialised training skills and are able to work through community participation methods.
- Exit strategy of local authority from the project still needs to be developed to ensure the long-term sustainability of the co-operatives.





# AMALINDA HOUSING CO-OPERATIVES

## Development Housing Co-operative leading to individual ownership

### Project objective

- To build 45m<sup>2</sup> units on 200m<sup>2</sup> erven using People's Housing Process and the institutional subsidy, for members of the East London Housing Management Co-operative (ELHMC) who earn less than R3,500 per month, with the majority earning less than R1,500 per month.
- To deliver larger houses than those offered in the RDP schemes;
- To develop the ELHMC as an umbrella body taking responsibility for accessing subsidies, developing and managing the membership base, and finding new opportunities for housing its members.

### Project description

The Amalinda housing project, situated outside East London, is a partnership between a local authority (Buffalo City) and a community-based co-operative (the East London Housing Management Co-operative), with the technical support of an NGO (Afesis-corplan).

The project will eventually comprise 216 housing units in nine separately registered co-operatives of which 166 units have already been constructed. Each block comprises 24 units on average, forming a legally registered independent primary co-operative. The project was set up in such a way as to enable members of a co-operative to revert to individual ownership after four years if two-thirds or more of the members are in favour of this.

The project originated from a request from poorer residents of Duncan Village and Mdantsane. They were inspired by the work of the South Africa

Homeless People's Federation, which encouraged savings to be added to the subsidy, thereby enabling building of a larger house. A points system was introduced whereby those achieving the required amount of R2,070 could immediately become eligible for a house. This saving served as a member contribution to the housing.

**This is a unique initiative in which a housing agency as a secondary co-operative facilitates the development of primary housing co-operatives. The lessons learnt demonstrate how a combination of subsidies and savings can provide good standards of accommodation but alerts the sector to the difficulties of working within such a complex model.**

Planning for the project began in 1998 but construction only took off in 2003, with the first residents moving in during 2004. This long lead-time was mainly the result of administrative and bureaucratic delays over identification of an appropriate support organisation, the availability of bulk infrastructure, the procurement process, allocation of subsidies and a generally poor understanding of the PHP process.

The implementing body – the East London Housing Management Co-operative (ELHMC) – is set up as a membership-based co-operative. This institution became the umbrella body of the Amalinda project, representing all the members saving for houses in the nine projects, as well as future projects. It co-ordinates the project and performs the certifier functions. Once members of the ELHMC receive a house they become members of the housing co-operative in which they live.

Funding for the services of Afesis-corporplan was obtained from the Swedish Co-operative Centre (SIDA). Initially it was envisaged that the ELHMC would become a self-supporting development and management housing institution, providing ongoing support to its members. This has not happened, however, as it has proved difficult in practice to obtain skilled members with sufficient technical knowledge to establish a sustainable support organisation for low income members.

## Design and planning

Building, which finally began in 2003, was initially undertaken by small community contractors using beneficiary participation and was then transferred to a small private sector contractor. The units comprise a core house of 45m<sup>2</sup> with internal toilets and walls. There are water-borne sewage and water connections to each house. Electrification is individually acquired.

## Institutional arrangements

The Buffalo City Municipality is the support organisation and performs the account

administration function. The ELHMC, supported by Afesis-corporplan, was appointed to manage the development process and the capacity-building needs of the future beneficiaries. The responsibilities of the ELHMC include securing housing subsidies, accessing land, and providing technical, logistical and administrative support to the projects. Members of each housing co-operative elect a board of directors to manage the business of each co-operative which has management agreements with the East London Housing Management Company for services.

## Development process

Land was transferred from the municipality to each of the nine housing co-operatives. Some saving was achieved through this bulk transfer, rather than individual land transfers which would have been paid for from the subsidy. However, these costs may have to be borne by the members when transfer to individuals takes place in the future. The ELHMC applied for institutional subsidies for each of its members and also obtained a People's Housing Process Establishment grant for each household.



## Key Lessons from Amalinda Housing Co-operatives

- The project was disadvantaged from the start by its high level of institutional complexity which resulted in a bureaucratic model of development. Ten different institutions were set up, making governance procedures unmanageable. Managing nine housing co-operatives through a secondary co-operative dependent on a NGO has proved impractical and unnecessary. Simpler models of delivery are called for.
- Members should be quite sure that they understand the responsibilities of being part of a co-operative before they join. The co-operative format forced future residents to become part of a long and drawn out process of participatory education and co-operative management.
- The institutional arrangements, whereby the co-operative has to pay rates and service taxes on behalf of its members, were inappropriate for many of the beneficiaries. Some also struggled for a long time to save the requisite amount of R2,070, and it is therefore unlikely that they could easily meet the monthly municipal and other charges required to manage the housing co-operative. The project is not suitable for all of its beneficiaries.
- The community discovered that beneficiaries preferred individual tenure. It would have been preferable to use the ELHMC as a delivery vehicle only and enable beneficiaries to move immediately to individually owned plots.
- The project was set up in such a way as to enable residents to convert to full ownership after four years. Future projects accessing the institutional subsidy could remain collective projects for four years, and then enable individual ownership. However, eventual transfer costs are proving to be a deterrent to this model.
- The ELHMC planned to become a financially self-sustaining institution through fees for services rendered. However, long delays in delivery and an inability to secure further finance left the ELHMC struggling to develop capacity as a management co-operative. The only way the ELHMC could attain financial viability would be by delivering sufficient units within the PHP and receiving an operational grant for each unit delivered.
- Combining savings with institutional subsidies contributed to the delivery of larger houses and should be encouraged.
- In the design of the project, provision has been made for running small businesses in communal space. This is a desirable feature and should be considered in all future projects.

# MASISIZANE WOMEN'S HOUSING CO-OPERATIVE

## Development Housing Co-operative leading to individual ownership

### Project objective

The project's initial objective was to provide formal brick housing for its members through a rotating savings scheme – three hundred houses were delivered this way. Subsequently, the objectives expanded to include provision of housing for other shack dwellers in the vicinity through the use of Consolidation Subsidies and People's Housing Process grants. The co-operative's objectives have now expanded to include local economic development initiatives that create jobs, building materials and construction skills, as well as a very active HIV/AIDS support group which intends to expand into home-based care provision.

### Project description

Masisizane ('help one another' in Zulu) Women's Housing Co-operative was established in Ivory Park, Midrand, in 1998 as a primary co-operative. Many of the inhabitants moved there from a nearby informal settlement to site and service stands. The organisation was inspired by a women's savings club, and initially homes of members were constructed using savings alone.

Later on, the organisation applied for subsidies through the PHP process and began training its members and others in the immediate vicinity. In 1996, those living on stands in the area were given title deeds to the land, and a connection for sewerage and water installed at the perimeter of each stand.

By applying for the initial 260 Consolidation Subsidies, Masisizane embarked on training its members in building skills (116 people have been working in various building and support functions) and was recognised as a support organisation by the Gauteng Housing Department. Masisizane registered as a co-operative and acts as the developer, receiving the subsidies and undertaking the development of the housing which is provided to both members and others in the community. A housing support centre run by members

**This initiative shows the potential for a community-based organisation to involve itself in housing delivery and poverty alleviation strategies. It is an important model for upgrading poor communities and providing sustainable human settlements.**



of the co-operative was set up with the grants made available through the People's Housing Process. The organisation started building core houses of 40m<sup>2</sup> and to date has built 560 houses whilst co-ordinating various economic activities such as brickmaking and window-frame construction.

## Design and planning

Free-standing 40 m<sup>2</sup> core houses built on a serviced stand of 200m<sup>2</sup>. Electricity and water connection from the perimeter of the stand is undertaken by the beneficiary at own cost. The houses are constructed on a cement slab prepared by a private sub-contractor, and handed over to the beneficiaries' construction team, organised by the co-operative, who constructs the walls and roof, dividing the space into three rooms. Many beneficiaries take up the opportunity to do further work on the house, providing other rooms, outside verandahs or internal fittings, installed at their own expense.

## Institutional arrangements

Masisizane registered as a primary co-operative in 2001. Once the organisation applied for subsidies, it was registered by the Gauteng housing authority as a Housing Support Centre, enabling access to Consolidation Subsidies and the Facilitation and Establishment grants. Subsidies allocated to Masisizane are administered by an Accounts and Technical Centre appointed by the Gauteng Department of Housing. Masisizane received the subsidies and undertook the management and development of the housing programme. This included education of beneficiaries, training of participants in the programme, site clearance, construction, team management

and quality control. When the co-operative, beneficiary and local authorities are satisfied with the quality of the house it is handed over to the member for individual ownership.

## Development process

Over the first five-year period, Masisizane facilitated the building of 300 homes for its members, using savings. These homes range from small core homes with internal bathrooms and kitchens to larger homes with additional finishes. Extra rooms were added each time their turn came around to receive the additional savings.

At the beginning of last year Masisizane embarked on providing 260 homes using the People's Housing Process and the Consolidation Subsidy. This year Masisizane has increased the rate of delivery to 40 houses a month (480 units per annum) and has been allocated another 500 housing subsidies. The houses are now 45m<sup>2</sup> and can be adapted to allow further building extensions in the future. This faster and more efficient programme has enabled it to receive sufficient operational grants from PHP funds to employ full-time staff at the housing support centre.

Masisizane has managed to provide short- and longer-term work for over a hundred local people, including brickmaking, housing support centre administration, construction, plastering and window making, and an HIV/AIDS support team. Training and capacity-building opportunities provided by the Department of Labour were also accessed. Rooftops Canada has been working closely with the members for the last three years, building technical and administrative expertise.

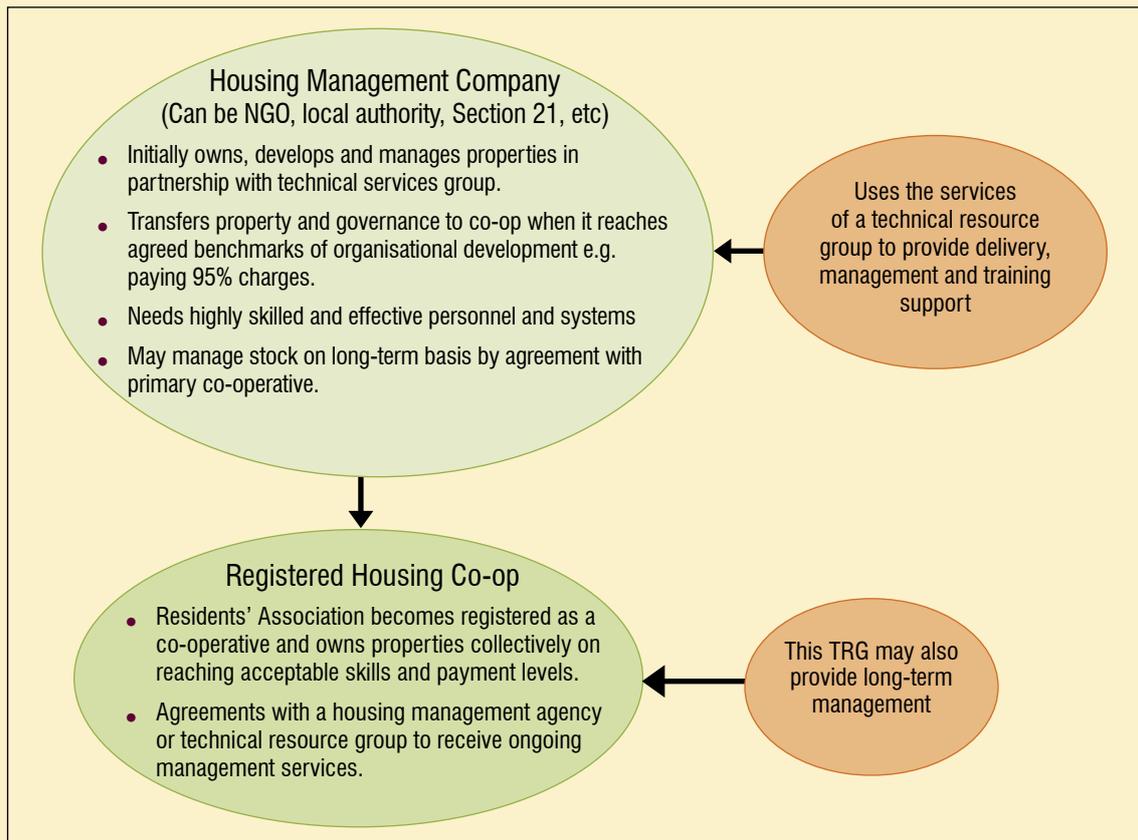
## Key Lessons from Masisizane Women's Housing Co-operative

- With adequate technical and administrative resources, community-based groups have the potential to deliver housing within the current housing framework using subsidies and the PHP. This model has enormous potential for delivering housing to the poor as well as for creating jobs and other economic opportunities and tackling social issues such as HIV/Aids and gender inequality.
- The commitment of the initial core group of women was essential to the ongoing work of this project. The community-based organisation does not need to be a co-operative but should be formalised as a not-for-profit organisation.
- Savings schemes linked to subsidy housing allow for the delivery of larger homes.
- Technical advice was central to Masisizane's consolidation and formalisation of the construction process. This was provided by Rooftops Canada and, more recently, Planact, and enabled Masisizane to move into a second phase of construction with increased speed of delivery and improved quality of construction.
- The facilitation and capacity-building grants are central to this community-based model. The facilitation grant should include funds for running and equipping a housing support centre.
- Processes and institutional structures should be kept simple. Community-based institutions cannot be expected to develop sufficient capacity to deliver houses while also managing complex institutions. Mechanisms for accountability and management should reflect the real needs, capacity and ability of the community.
- During the first stages of delivery, many difficulties were evident in the overlapping relationship between housing support centre staff and the initial members of the Masisizane Women's Organisation. Many of these problems were caused by the loss of control over the organisation following the death of its founding member and the inconsistent support and advice given by different levels of government.



# Model for Social Housing Inner City Co-Operatives with rehabilitation and greenfield projects

## Collective ownership and long-term management



**Preferred location:** Inner-city, medium- to high-density, linked to 'restructuring zones', existing hostels etc. within the social housing sector.

**Target market:** Beneficiaries earning R1,500 – R7,500.

**Subsidies/finance:** Use of institutional subsidies, restructuring grants and bank loans, People's Housing Process grants and contribution from members.

**Tenure:** Beneficiaries to own indirectly through shares in the co-operative over time. Co-operative tenure only encouraged after tenants have proven that they have the ability to manage and pay monthly charges during an interim rental period.

Members are able to move out of a unit with a fair transfer payment.

Beneficiaries may be represented on management institution.

### Minimum conditions for implementation:

- A Housing Management Company temporarily owns and manages the properties until the co-operatives have demonstrated that they are able and willing to take over governance and ownership.
- Management institution has to have sufficient funds and capacity to start up, and sufficient skills to develop and manage such projects.
- Agreements with co-operatives for services must include legal powers to set annual budgets and monthly charges and evict non-paying members.

- Only larger projects which can develop sufficient units, say 2,000 units in 2 or 3 years, should attempt this model within 'restructuring zones';
- Units need to pay sufficient service charge fee to make the management agent viable;
- Access to professional technical services to develop in-house skills.

**Benefits:**

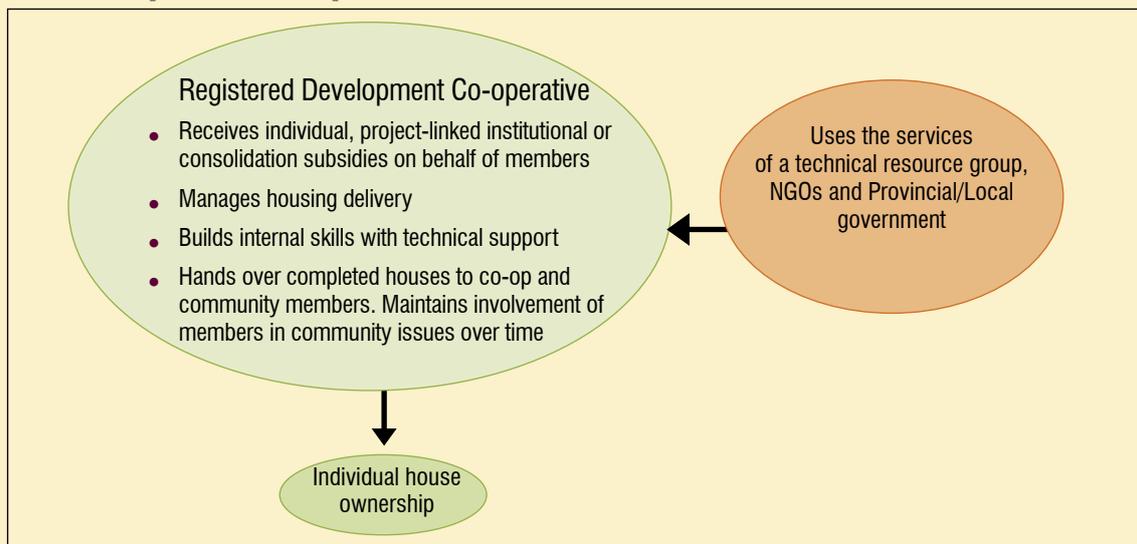
- Enables low and medium income beneficiaries to live in the city;
- Provides collective ownership to those

who want to invest in housing but do not have sufficient capital to buy;

- Teaches the process of ownership and responsibility in an incremental way. Provides an asset and right of inheritance;
- Enables empowerment of residents in learning how to manage housing in a co-operative form;
- Builds stable communities which understand the responsibility of living in government-subsidised housing;
- Provides opportunities to build social networks, strengthens communities and encourages local economic development projects.

## Model for Sustainable livelihoods projects in township, informal settlement upgrade and greenfield projects

### A development co-operative model



**Preferred location:** Informal settlement, township upgrade and rural areas - low to medium density.

**Target group:** Beneficiaries earning under R1, 500.

**Subsidy type:** Consolidation/individual

project-linked institutional and rural subsidies.

**Tenure:**

- Registered development co-operative with members from beneficiary community;
- Those wishing to receive units

become members of the development co-operative;

- Co-operative may temporarily own land and houses but generally facilitates access to subsidies and construction of houses for its members;
- Individual members own their houses outright once they are constructed with no loans attached;
- People's Housing Process is used to support member involvement through sweat equity/mutual aid.

#### Minimum conditions:

- Access to People's Housing Process and other subsidies;
- Community-based organisations wanting to work in the area of housing;
- Access to a technical resource group;
- Local authority or provincial government

with sufficient knowledge of administrative processes;

- Access to land;
- Member ability and willingness to save and provide sweat equity.

#### Benefits:

- Allows for immediate ownership;
- Can maintain long-term Community Livelihoods Co-operative from PHP facilitation grant if delivery is sufficiently fast and projects large enough and continuous;
- Allows for both social and economic spin-off activities from the delivery of housing and can be part of job-creation strategies;
- Builds a community-based organisation through maintaining membership with beneficiary groups dealing with social and economic issues e.g. HIV/AIDS and home maintenance.

## Conclusions

This range of co-operative projects has the potential to move from being marginal pilot schemes to sustainable programmes. It will then be able to impact on delivery targets and provide low income South Africans with affordable housing in line with the Housing Minister's "Breaking New Ground Strategy": A comprehensive plan for the development of sustainable human settlements.

In addition to this, the co-operative model provides opportunities for beneficiary participation in both the delivery of houses and democratic management of housing co-operatives.

The institutional subsidy framework and PHP approach has already provided a context in which these types of housing programmes can develop. The sector has already progressed by defining a legal framework specifically for co-operative housing. The following conditions are necessary if any of these models are to move from pilot initiatives to mainstream delivery:

- Greater commitment on the part of government to provide resources to

poor communities for upgrading and capacity-building.

- An environment of co-operation between all stakeholders enabling formulation of recommendations for policy reform linked to a decisive lobbying strategy.
- Mechanisms to provide increased capacity to local authorities to ensure smoother management and administration of subsidies, land transfers and registration.
- Commitment to working with community-based organisations, churches and women's groups, youth and unemployed workers' formations etc, to form the partnerships in the facilitation and

delivery process which the sustainable livelihoods approach requires.

- Incentives to encourage the development of technical resource groups to work systematically within this sector and with local authorities.
- Promotion of partnerships with the private sector to professionalise and expedite construction, assist with project co-ordination, training and mentoring.
- Provision for a regulatory system which can monitor the quality and resource management of such projects.

## Recommendations

- National co-operative networks and facilitation agencies involved in the co-operative housing sector should take note of evaluations and analysis of the sector and its projects. New efforts in the delivery of all forms of co-operative activities in the housing sector should reflect the lessons learnt from existing projects.
- Further investigations should be undertaken to inform and guide new subsidy policy, taking into consideration the needs of such projects. Projects require increased finance (subsidies and grants) especially for capacity-building and for the development of the sustainable livelihoods model.
- An appropriate facilitating institutional home for the Co-operative Housing Movement needs to be developed, providing the sector with the necessary guidance, support and regulatory environment.
- Co-operative models have to be carefully chosen, ensuring that they are appropriate for the environment and the target group. Guidelines should be developed to ensure that only viable projects are resourced.
- New ways are required to encourage poor communities to revive or develop community organisations which can partner each other in the delivery of co-operative housing.

- A holistic approach should be encouraged between housing and departments dealing with social development and welfare to enable these models to benefit disabled persons, abused women and children and those suffering from HIV/Aids.
- There is an urgent need to develop instruments for supporting the supply of technical resource groups needed to expand this sector. It has been shown that the co-operative projects are dependent on the skills of these organisations. Technical resource groups should be given incentives to work in this area, with a clear mandate to deliver defined targets within defined monitoring and evaluation criteria.
- Mechanisms should be found to enable greater involvement of the private sector in such projects. These could include ways of accessing better prices for materials, mentoring, training, and monitoring the quality of construction.

## International Co-operative Principles

**Open, voluntary membership** – no gender, social, racial, political or religious discrimination.

**Democratic member control** – one person, one vote.

**Member economic participation** – fair contribution to, and control of, the co-operative's economic affairs.

**Commitment to service** – meeting member needs for affordable, quality, secure and safe neighbourhoods.

**Autonomy and independence** – freedom from outside interference in its internal affairs.

**Continuous education in co-operative values, principles and techniques** – to members and the wider public.

**Co-operation amongst co-operatives** – working together, supporting each other, and promoting co-operative principles in their work.

**Concern for the community** – working for the suitable development of the community.



**For further enquiries, please contact:**

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## Support for co-operative housing in South Africa

**National government support was outlined in President Thabo Mbeki's opening address to Parliament in June 1999.** " The government will also place more emphasis on the development of the co-operative movement to combine the financial, labour and other resources among the masses of the people to rebuild our communities and engage the people in their own development through sustainable economic activity"

Government commitment continues with a new Co-operative Act designed to assist this sector to flourish throughout South Africa.

**Social Housing Foundation (SHF):** is involved with promoting both rental and co-operative housing. It has been championing the cause of housing co-operatives by assisting in shaping government policy in the Co-operative Act and by building capacity in the cooperative sector.

**South African Housing Co-operative Association (SAHCA):** an apex body which unites, represents and provides leadership to housing co-operatives throughout South Africa.

**National Department of Housing in conjunction with the Norwegian government:** is funding a co-operative housing programme to help develop a thriving co-operative housing sector in South Africa.

**Provincial Departments of Housing:** give housing subsidies and provide an enabling environment for housing co-operatives.

**Municipalities:** provide land and infrastructure services, enabling housing co-operatives to emerge and be sustainable within their communities.

**Department of Trade and Industry:** registers housing co-operatives, gives financial support and helps with capacity-building to aid the sustainability of the co-operative sector.

**International agencies:** such as Rooftops Canada, Co-operative Housing Foundation and the Norwegian Federation of Housing Co-operative Associations, give funds and technical assistance to the South African co-operative housing movement.

