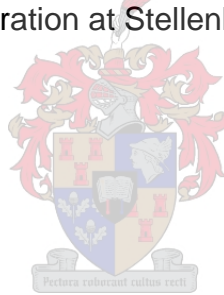


AN ASSESSMENT OF SOUTH AFRICAN HOUSING CO-OPERATIVES – THE CASE OF Ilinge LABAHLALI HOUSING CO-OPERATIVE, NYANGA, CAPE TOWN

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Thesis presented in partial fulfillment of the requirements for the degree of Master in
Public Administration at Stellenbosch University



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March 2010

Declaration

By submitting this thesis electronically, I declare that the entirety of the work contained therein is my own, original work, that I am the owner of the copyright thereof (unless to the extent explicitly otherwise stated) and that I have not previously in its entirety or in part submitted it for obtaining any qualification neither in its entirety nor in part.

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ABSTRACT

Co-operatives as a form of business have a long history in South Africa. The successes of agricultural co-operatives are well known. Housing co-operatives, however, are a relatively unfamiliar concept as a form of business to provide tenure, and for those who are involved in it, a frustrating and long process to obtain housing.

This study examined the issue of housing co-operatives as part of addressing the housing crisis in South Africa taking into consideration that this specific model (housing development co-operatives) does not fall under the Social Housing sector anymore. It involves a comprehensive literature study of the history of co-operatives internationally and in South Africa as well as analysing different models implemented internationally and in South Africa; a review of legislation; policies affecting housing co-operatives; analysis of data and information and surveys of housing co-operatives.

The specific aims of the research were:

- To determine the different models of successful housing development co-operatives internationally;
- To determine the viability and sustainability of housing development co-operatives in Third World Countries;
- To determine the current status of the registered housing co-operatives in South Africa;
- To determine the different models implemented in South Africa;
- To evaluate the housing development co-operative sector in South Africa;
- To determine the viability and sustainability of a registered housing development co-operative in Cape Town, (Ilange Labahlali Housing Co-operative, Nyanga, Cape Town, South Africa); and
- To determine the challenges faced by the co-operative and how they foresee these challenges being overcome.

The study followed a survey design, including both qualitative and quantitative aspects. The qualitative approach related to the views and opinions of co-operative members with regards to the socio-economic impact that the co-operative have had and the quantitative approach relates to statistical and measurable data obtained from the Department of Trade and Industry in terms of a number of variables such as: type of co-operatives, categories indicated and Province representation.

For the purpose of this study, only housing co-operatives were contacted and research was conducted on the state of housing co-operatives and if each housing co-operative meet the selection criteria of the Housing Development Co-operative Model.

In critically assessing housing co-operatives in South Africa, it was determined that the unacceptable level of support from all three tiers of Government, was the prime problem experienced by housing co-operatives. Several reasons can explain this, the most prominent as follow:

1. The Department of Trade and Industry's lack of proper record keeping and administration;
2. Housing development co-operatives do not benefit from the Social Housing sector in South Africa;
3. Department of Housing's lack of knowledge with regards to the housing co-operative sector;
4. No synergy between different Government departments with regards to housing co-operatives;
5. Municipalities do not have the know-how regarding co-operatives and/or display an unwillingness to assist housing co-operatives;
6. Housing co-operatives established by outside agencies/Government departments receive no follow-up and support;
7. No proper Government housing co-operative department focusing on housing delivery with the necessary knowledge and support mechanisms in place.

It is clear that in the late nineties, the co-operative principle was promoted by the Department of Housing, Social Housing Foundation and community workers alike as the new brain child of international agencies (Rooftops Canada, Norwegian Government,

Swedish Government) to secure housing for communities building on the concept of “ubuntu”. Afterwards the emphasis were shifted to Social Housing Institutions and rental tenure and the few housing co-operatives registered, were left in the cold with no support structures available to them.

With no support from international agencies, national-, provincial- and local Government the future of these housing co-operatives are bleak. Co-operative members are community driven, but without the necessary capacity-building and institutional support, community members become despondent and the co-operative principles of “working together to achieve more” are seen as just another scheme which failed in the delivery of housing.

This study found that the grass root housing co-operative with the support of all levels of Government can be successful providing that community structures such as saving groups and hostel committees are in place.

OPSOMMING

Koöperasies as bedryfsvorm het 'n lang geskiedenis in Suid-Afrika. Die welslae van landboukoöperasies is wel bekend. Behuisingskoöperasies is egter 'n relatief onbekende konsep as bedryfsvorm om eiendomsreg te verskaf en vir diegene wat daarby betrokke is, is dit 'n frustrerende en uitgerekte proses waarvolgens behuising bekom kan word.

Dié studie het die behuisingskoöperasie-aangeleentheid as deel van die aanspreek van die behuisingskrisis in Suid-Afrika onder die loep geplaas met inagneming daarvan dat hierdie spesifieke model (ontwikkelingsbehuising-koöperasies) nie meer onder die Maatskaplike Behuisingsektor ressorteer nie. Dit het 'n omvattende literatuurstudie van die geskiedenis van koöperasies internasionaal en in Suid-Afrika behels, asook 'n analise van verskillende modelle wat internasionaal en in Suid-Afrika toegepas word; 'n oorsig van relevante wetgewing; beleidsrigtings wat behuisingskoöperasies raak; analise van data en inligting, en opnames van behuisingskoöperasies.

Die spesifieke doelwitte van die navorsing was:

- Om die verskillende modelle van geslaagde ontwikkelingsbehuising-koöperasies internasionaal te bepaal;
- Om die lewensvatbaarheid en volhoubaarheid van ontwikkelingsbehuising-koöperasies in lande van die Derde Wêreld te bepaal;
- Om die huidige status van die geregistreerde behuisingskoöperasies in Suid-Afrika te bepaal;
- Om die verskillende modelle wat in Suid-Afrika toegepas word, te bepaal;
- Om die behuisingsontwikkeling-koöperasiesektor in Suid-Afrika te evalueer;
- Om die lewensvatbaarheid en volhoubaarheid van 'n geregistreerde behuisingsontwikkeling-koöperasie in Kaapstad (Ilinge Labahlali Behuisingskoöperasie, Nyanga, Kaapstad, Suid-Afrika) te bepaal, en
- Om die uitdaging wat deur die koöperasies in die gesig gestaar word, te bepaal en hoe daar gemeen word dié uitdaging te bowe gekom gaan word.

Dié studie is aan die hand van 'n vooropgestelde opnamepatroon uitgevoer wat kwalitatiewe en kwantitatiewe aspekte ingesluit het. Die kwalitatiewe benadering was gerig op die sieninge en menings van koöperasielede met betrekking tot die sosio-ekonomiese impak van die koöperasie, en die kwantitatiewe benadering het te make gehad met die statistiese en meetbare data rakende 'n aantal veranderlikes, soos soorte koöperasies, aangeduide kategorieë en provinsiale verteenwoordiging, wat van die Departement van Handel en Nywerheid bekom is.

Vir die doel van hierdie studie is daar net met behuisingskoöperasies geskakel en navorsing is gedoen op die stand van behuisingskoöperasies en of iedere so 'n koöperasie aan die keuringskriteria van die model van die ontwikkelingsbehuisings-koöperasie voldoen.

Na kritiese beskouing van behuisingskoöperasies in Suid-Afrika, is daar vasgestel dat die onaanvaarbare mate van ondersteuning wat van die drie vlakke van regering ontvang word, die vernaamste probleem is waarmee behuisingskoöperasies te kampe het. Onder die talle redes wat as verduideliking kan dien, is die volgende die mees prominente:

1. Die Departement van Handel en Nywerheid se gebrek aan deeglike rekordhouding en administrasie;
2. Ontwikkelingsbehuisings-koöperasies vind nie baat by die Maatskaplike Behuisingssektor in Suid-Afrika nie;
3. Die Departement van Behuisings se gebrek aan kennis met betrekking tot die behuisingskoöperasiesektor;
4. Gebrek aan sinergie tussen verskillende regeringsdepartemente met betrekking tot behuisingskoöperasies;
5. Munisipaliteite beskik nie oor die kundigheid ten opsigte van koöperasies nie en/of toon onwilligheid om behuisingskoöperasies by te staan;
6. Behuisingskoöperasies, wat deur buite-ondernemings/regeringsdepartemente gestig word, ontvang geen onderskraging nie en daar is ook 'n gebrek aan enige voortgesette belangstelling in hulle doen en late.
7. Daar is geen geskikte behuisingskoöperasie aan regeringskant wat fokus op die voorsiening van behuisings en wat oor die nodige kennis en ondersteuningsmeganismes beskik nie.

Dit is duidelik dat die beginsel van koöperasies in die laat jare negentig deur die Departement van Behuising, die Maatskaplike Behuisingstigting, gemeenskapswerkers, en dies meer, as die nuwe breinkind van internasionale agentskappe soos Rooftops Canada, die Noorweegse regering, die Sweedse regering bevorder is om behuising vir gemeenskappe te verseker wat op die konsep “ubuntu” gebou het. Daarna is die klem na Maatskaplikebehuisingsondernemings en huurbesit verskuif en die enkele geregistreerde behuisingskoöperasies is sonder enige ondersteuningstruktuur aan hulle eie lot oorgelaat.

Met geen ondersteuning van die kant van internasionale organisasies, nasionale, provinsiale of plaaslike regering nie, is die toekoms van dié behuisingskoöperasies maar bra droewig. Koöperasielede is gemeenskapsgedrewe, maar sonder die nodige kapasiteitsbou en institusionele onderskraging, het lede van die gemeenskap wanhopig geraak en word die beginsel van “saamwerk om meer te bereik” bloot beskou as net nog ’n plan wat ten opsigte van behuisingvoorsiening gefaal het.

Dié studie het bevind dat die voetsoolvlak-behuisingskoöperasie – met die onderskraging van alle vlakke van regering – wel geslaagd kan wees, mits gemeenskapstrukture soos spaargroepe en hostelkomitees in plek is.

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LIST OF ACRONYMS

BBEEE:	Broad Based Economic Empowerment
CCU:	Uruguayan Co-operative Centre
CETA:	Construction Education and Training Authority
CHF:	Co-operative Housing Foundation
CIPRO:	Companies and Intellectual Property Registration Office
CIS:	Co-operative Incentive Scheme
COPAC:	Co-operative and Policy Alternative Centre
COPE:	Cope Housing Association
COTTI:	Council of Trade and Industry Institutions
CSN:	Co-operatives with the same name
DAG:	Development Action Group
DESA:	United Nations Department of Economic and Social Affairs
DOH:	Department of Housing (Provincial)
DTI:	Department of Trade and Industry
ELHMC:	East London Housing Management Co-operative
FUCVAM:	Federation of Housing by Mutual Aid
ICA:	International Co-operative Alliance
IDT:	Department of Trade and Industry
ILO:	International Labour Organisation
ISHP:	Interim Social Housing Programmeme
LED:	Local Economic Development
MAFISA:	Micro Agricultural Finance Scheme of South Africa
NASCL:	North American Student Co-operative League
NASCO:	North American Students of Co-operation
NASHO:	National Association of Social Housing Organisations
NBBL:	Norwegian Federation of Co-operative Housing Associations
NCA:	National Co-operative Alliance
NCASA:	National Co-operative Association of South Africa
NCHF:	National Co-operative Housing Federation of India
NDA:	National Development Agency
NDOH:	National Department of Housing
NGO:	Non-Governmental Organisations
NORAD:	Norwegian Agency for Development Co-operation
PFMA:	Public Finance Management Act
PHP:	People's Housing Process
PHPT:	People's Housing Partnership Trust
RDP:	Reconstruction and Development Programmeme
SACP:	South African Communist Party
SAHCA:	South African Housing Co-operative Association
SAMAF:	South African Micro-finance Apex Fund
SHF:	Social Housing Foundation
SHRA:	Social Housing Regulatory Authority
SPSH:	Support Programmeme for Social Housing
UPEHCO:	University of the Philippines Employees Housing Co-operative

“Housing co-operatives are able to mobilise human and financial resources within communities to enable low-income groups in particular to improve their housing through a combination of methods including new construction and improvement of existing housing.”

United Nations Centre for Human Settlements, 2 January 2006

“Italians have a very clever description for such people, namely ‘Slowly but surely’. Well, the Co-operative movement has spread slowly but surely. It started at a snail’s pace in Lancashire in England, crossed the whole of France, Germany and even the frozen tundra of Russia. Clever Bengalis now apply co-operative values, just like quick-witted and progressive Americans, and those who emigrated to Australia are now trying to have the movement going there as well. Just like a good chronometer, the co-operative is not affected by different climates and it functions equally well anywhere.”

G.J. Holyoake, 1893

“Of course, there is no such thing as a perfect Co-operative - as there is no such thing as a perfect economy. (...). The key to the (...) success of any Co-operative is understanding, accepting and practicing the co-operative difference and its advantage. This is recognizing that there is a co-operative difference - that the structure of a co-operative is unique and different from private and public business enterprises. (...) Co-operatives will invariably change due to internal and external processes, pressures and dynamics and this is critical to the ability of a co-operative to cope with and survive change in order to maintain its co-operative identity.”

D. Griffiths, 2003

CHAPTER ONE

INTRODUCTION TO HOUSING CO-OPERATIVES

1.1 Background to the study

This section briefly describes the background to the study, the need for support of housing co-operatives, the purpose and scope of the study.

In 2005, 28 419 million South Africans were urbanised which is an average level of urbanisation in Third World Countries (United Nations, 2008). The South African Government's implementation of its Reconstruction and Development Programme (RDP) in 1994 (aimed at addressing the social and economic problems in South Africa linking reconstruction and development as a key aspect) left a legacy of housing (ownership) for the people by the people, thus building houses and the provision of services to create employment.

Housing is the most expensive basic needs fulfillment in any country and can be one of the reasons why it remains a problem throughout the developing world. South Africa is no exception and though one can argue that the increase of income will alleviate the housing need, it is not likely to happen. A number of approaches have been introduced in South Africa. The more recent approach is that of social housing.

In 2004, President Mbeki committed Government to strengthen the co-operative movement in South-Africa, by the submission of the Co-operative Development Bill to parliament. (Presidency, 2004) The passing of this Bill was envisaged to create a strategy to support co-operatives. The development of well located land and the increasing demand for rental housing in urban areas through a social housing process to improve housing densities and collective forms of accommodation, was also addressed. Social Housing is a relative new sector in South Africa which recently incorporated Housing Co-operatives and Social Housing Institutions. Co-operative Housing (with specific reference to development Co-operatives) is no longer part of Social Housing in

South Africa and now falls under the new Co-operative Act (Act No.14 of 2005) which repealed the 1981 Co-operatives Act (RSA, Act No. 91 of 1981)

Co-operative housing forms part of the broader social housing programme in South Africa. It has shown to fill a key niche within the housing sector as it provides added benefits and ensures control by the occupants. Housing co-operatives are a collective, group ownership tenure option. The housing co-operative owns the property and the co-operative members have the right to vote (one member, one vote) at general and annual meetings with the right to occupy a housing unit in the co-operative and the right to elect representatives to perform management functions. Outside management companies can be created to manage the housing co-operative's financial and day-to-day administration.

Two types of housing co-operative models emerged, namely the "Continuous Housing Co-operative" model and the "Development Housing Co-operative" model. A continuous housing co-operative can be described as a Mother and Daughter Model¹ (Norwegian concept) involving two organisational levels; a housing management company providing long term management services to housing co-operatives. Management companies, where the co-operative manages the day-to-day management of the co-operative without the involvement of an outside company. According to Georgina Jaffe of the Social Housing Foundation this model is most suitable for inner-city, medium to high density, linked to 'restructuring zones' existing hostels within the social housing sector. This model is also used for rentals rather than ownership (Social Housing Foundation, 2005b). The Housing Development Co-operative Model is a grass root housing co-operative. This is the Canadian preference in South Africa. It is a registered development co-operative with members from beneficiary communities and allows for immediate ownership or at a later stage. This model is regarded as most suitable for informal settlements, township upgrades and low to medium rural density areas. Housing Development Co-operatives were removed from the Social Housing sector and are now governed by the Housing Act (Act No. 107 of 1997) and Co-operative Act (Act No. 14 of 2005) of South Africa.

¹ The Norwegian Mother and Daughter Model, which was applied and refined by Cope Housing Association, Johannesburg was established on the grounds of an initially Rooftop Canada designed housing co-operative. However training and capacitating of Housing Management Companies and Housing Co-operative Management Companies is different. Rooftops is increasingly committed to poverty alleviation in contrast with the NBBL which are directed at establishing primary- and secondary housing co-operatives within mother- and daughter companies to low to medium income families. NBBL is particularly targeting Housing Co-operatives in the urban and densely populated areas in South Africa whilst Rooftops are more focused on peoples housing process projects and more simple co-operative structures that do not need complicated Housing Management Companies of the same kind that urban housing structures require.

1.2 Aim and research question

This study examined the issue of housing co-operatives as part of addressing the housing crisis in South Africa taking into consideration that this specific model (housing development co-operatives (Eglin, 2007)) does not fall under the Social Housing sector anymore. It involved a comprehensive literature study of the history of co-operatives internationally and in South Africa as well as analysing different models implemented internationally and in South Africa; a review of legislation; policies affecting housing co-operatives; analysis of data and information and surveys of housing co-operatives.

The researcher wanted to establish the different factors for the successful implementation of housing co-operatives i.e. support structures, funding, capacity-building and training. An important issue to determine was if co-operatives can be established within communities rather than through outside interference.

The research question focused on whether housing co-operatives can play a role in providing an avenue for housing delivery and which model would be the most appropriate to implement. It was also important to establish if housing co-operatives could be sustainable without support from Government.

The specific aims of the research were:

- To determine the different models of successful development housing co-operatives internationally;
- To determine the viability and sustainability of development housing co-operatives in Third World Countries;
- To determine the current status of the registered housing co-operatives in South Africa;
- To determine the different models implemented in South Africa;
- To evaluate the housing development co-operative sector in South Africa;
- To determine the viability and sustainability of a registered housing development co-operative in Cape Town, (Ilunge Labahlali Housing Co-operative, Nyanga, Cape Town, South Africa);

- To determine the challenges faced by the co-operative and how it is foreseen to overcome these challenges.

1.3 Research methodology

The study was conducted to establish if housing co-operatives are viable and sustainable in South Africa. Different models of housing co-operatives have been developed and implemented both internationally and in South Africa. The researcher wanted to establish which of the different models were most likely to succeed in South Africa and what support structures existed for housing co-operatives.

The study followed a comparative literature study to determine the history of housing co-operatives, the models being used and the development of housing co-operatives in South Africa. It also followed a survey design, including both qualitative and quantitative aspects. According to Van Maanen in Welman et al. (2005: 188) qualitative research covers different techniques to describe the phenomena and therefore is a descriptive form of research.

Qualitative research was undertaken and relates to the views and opinions of co-operative members contacted by the researcher with regards to the establishment and sustainability of the housing co-operative. Quantitative research was undertaken through the evaluation and assessment of statistical and measurable data obtained by the researcher from the Department of Trade and Industry (DTI) (CIPRO, 2008; 2009). A number of variables such as type of co-operative, categories indicated and Province representation were studied and evaluated.

The Internet as main source of information was used because housing co-operatives are a relatively young form of tenure in South Africa. The internet provided sources from international libraries which were not available in South Africa. The researcher found that it was also easier to compare different international sources as the study followed a comparative literature study. Many South African internet sources were accessed through Sabinet.

For the purpose of this study, only housing co-operatives were contacted and research was conducted on the state of housing co-operatives. The researcher wanted to establish if existing South African housing co-operatives meet the selection criteria of the development housing co-operative model as well as the different models implemented.

The following selection criteria was taken into consideration:

- Only housing development co-operatives were included;
- Only housing co-operatives who have been in existence for a period of two or more years were considered;
- The accessibility, availability and willingness of co-operatives to participate in the study.

1.4 Limitations of the study

There are certain limitations that need to be acknowledged regarding the study. Only eleven housing co-operatives could be contacted telephonically, due to the incomplete records received by the researcher from the DTI.

Questionnaires were sent via post to all housing co-operatives listed on the DTI records (where postal addresses were available). No housing co-operative responded to the questionnaire. This can indicate that postal addresses listed on the DTI records do not exist or are out dated.

1.5 Structure of the study

Chapter two introduces the reader to the co-operative principle and the historical background of housing co-operatives. Many examples of successful housing co-operatives are discussed in both First World- and developing countries. Different models used in these countries are discussed.

Chapter three focuses on co-operatives in South Africa and the legal framework and policies influencing housing co-operatives are investigated. The status of the co-operative

sector in South Africa is determined with specific reference to housing co-operatives and which models were implemented for housing delivery.

In Chapter four the emphasis shifts to Ilinge Labahlali Housing Co-operative and legislative- and other role players are identified. This housing co-operative model, can be duplicated and used as an example for other struggling housing co-operatives.

The main findings, conclusion and recommendations are addressed in Chapter five.

CHAPTER TWO

HOUSING CO-OPERATIVES: A GLOBAL PERSPECTIVE

2.1 Introduction

“Willing to work together; helpful. A group working together.” The more co-operative we are, the easier it is to get along. – (Word Tutor, undated).

Co-operatives are member-owned businesses and are usually formed for economic- and social development. Though it exists in many different forms (such as credit unions, consumer-, social-, and burial society co-operatives), the principle of democratic group-ownership with collective benefits remains the common goal of co-operative members. A children’s day care co-operative may consist of a group of single parents who want to provide day care facilities to enable them to have access to reliable day care. Each parent contributes a certain amount of money and/or time and in exchange they all have a safe place to leave their children. Credit unions, who operate under co-operative principles, would not have profitmaking as a goal but rather assist each member to be more financially secure.

Retailers have also reaped the benefits of co-operation. By forming a co-operative, a group of retailers share advertising costs and receive discounts for bulk ordering of materials and supplies. By sharing costs and discounts it allows smaller retailers to compete with large retailers.

While co-operatives can be found in many different areas of the economy, agricultural co-operatives are well-known. A group of farmers forms a co-operative, become more competitive and achieve more economic power as it allows its members to save money on materials needed to produce and market their product which means a larger profit margin for all members. According to the United States Department of Agriculture (1980: 4), co-operatives enable farmers to democratically own and control business enterprises for buying supplies and to market their own products. A single farmer is always “small” in comparison with his trading partners. Farmers form co-operatives as they are driven by the economic force of survival, to achieve greater bargaining strength. It therefore

minimizes the dependency on Government and increases self-help, determining objectives, financing, operating policies and methods of sharing benefits (Chloupková, 2002:4).

According to the Political Dictionary (2009) the co-operative movement was central to the nineteenth-century socialist tradition. The co-operative principle implied the total abolition of capitalist industrial ownership and management, and the establishment of voluntary associations owned and run by groups of workers/people where net earnings are redistributed directly (in the case of consumer co-operatives) to the members of the co-operative and do not serve as profit for a separate company or organisation. Co-operatives can also be seen as an ideal organisational form for socio-political philosophers, including co-operative individualism and co-operative federalism.

Etkind (1989:54) argues that the link between co-operatives and socialism is only partial, if at all. Co-operatives are only successful if it can produce goods (whether it is agriculture, housing or services) of a comparable quality at a comparable price with its capitalist equivalents. A co-operative operating within capitalism does it exactly the same way as any other capitalist enterprise. The only difference is that the co-operative has altered its internal relations of production. Labour therefore is not a commodity but rather a conscious agent of production.

Today co-operatives are more successful in capitalist societies under systems of socialist economic planning. For many democratic socialists the co-operative principle, linked to the ideal of members' control, remains an important starting-point for building a vision of an alternative society to both capitalism and state socialism. However, it is the principle of "one member - one vote" which separates it from private companies.

Although there are many similarities between co-operatives and private companies, certain key differences separate co-operatives from other forms of business like private corporations/companies (Co-operatives Council of Australia Inc., 1998:14; Vanhuynegem 2008:2; Chloupková, 2002). These can be summarised as follows:

Table 2.1: Differences between co-operatives and private organisations

<i>Co-operatives</i>	<i>Private corporations/companies</i>
Service motive	Profit motive
Principle of mutual benefit	Principle of profit first
Earn income through its member owners who are part of the services and processes of the enterprise	Earn income from remote investors and not the owners of the company
Capital return limited	Capital return unlimited
Do not have access to financing instruments available to companies	Have access to a variety of financing instruments
Shares can only be held by members of the co-operative	Shares can be held by anyone who can afford to buy shares
Distributions made by the co-operative are usually treated as a mutual benefit i.e. to benefit from rebates or increase living standards	Shareholders receive higher returns on better share prices
Democratic control: one member, one vote	Control of the company is in the hands of the person with the most shares
Members take advantage of the services the co-operative provide	Share holders take advantage of share prices
Member's volunteer efforts help to keep overall costs down	Share holders do not play a role in everyday, overall costs

Source: Compiled by the researcher, 2009

Co-operatives can be seen as enterprises that put people, rather than capital at the centre of their business. Three basic interests bring together the co-operative idea: ownership, control and beneficiary. It is only in the co-operative enterprise that these three interests are brought together and vested directly in the hands of the user (International Co-operative Association, 2005-2009). Lewin (1981) in Sedhain, (2005) explains the *co-operative principles and co-operative law* as follows:

- A group of people with at least one common economic interest;

- A common goal, to meet a common need by joint action based on mutual assistance;
- The achievement of the goal is to establish a common enterprise;
- The main objective is to promote the economic situation of the members.

Co-operatives are participatory and voluntary associations. Habitat (2004) has set eight major requirements for co-operatives with specific reference to community improvement programmes:

1. There has to be an immediate need to initiate group action;
2. There must be a clear concept of target groups;
3. There must be a comprehensive information programme;
4. There must be an active and accepted local leader who enjoys the support of the group;
5. There must be training for members;
6. There must be supportive community structures;
7. There must be a supportive financial system;
8. There must be adequate institutional support.

Sharma (2008: 63) names eight reasons why co-operatives fail or have a poor performance:

1. Ideological differences;
2. Unprofessional management;
3. Poor governance;
4. Inadequate capital base;
5. Lack of member participation;
6. Inappropriate strategies;
7. Too many legislative controls.

Although housing co-operatives can also be seen as community improvement programmes, it does not always meet the requirements as stated above. The International Co-operative Alliance (2001) defines a housing co-operative as: "A legal association formed for the purpose of providing housing to its members on a continuing basis. It is owned and controlled by its members, who usually have one vote per person.

A co-operative is distinguished from other housing associations by its ownership structure and its commitment to co-operative principles". Housing co-operative membership is closely linked to occupancy rights. Members have exclusive occupancy rights over an unit, but may not infringe on the rights of other co-operative members or on property held collectively. Occupancy rights are attached to a set of responsibilities inclusive of fees, charges and certain house rules (comparable with units in a sectional title housing complex). Birchall (2003), Cooper and Rodman (1992) and Heskin and Leavitt (1995) in Sazama (2000:3) explains that affordable housing co-operatives empower low- and moderate income families because under co-operative structures members own and control their own housing.

The International Labour Organisation (2001) and the United Nations Centre for Human Settlements (2006) defines co-operative housing as "an association of persons, usually of limited means, who have voluntary joined together to achieve a common economic end through the formation of a democratically controlled business organisation, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking". This corresponds with "The Affordable Housing Co-operative" (2004) in Chicago's definition as a form of home ownership where individuals own a share in a corporation that owns and controls the land and the buildings that provide housing.

According to the Banking Dictionary (2009), a co-operative is a form of multiple ownership real estate in which property units are owned by a non-profit corporation or business trust, which grants occupancy rights to individual tenants. Property owners buy shares in the corporation representing their ownership of an apartment or office and pay the corporation a share of real estate taxes, building maintenance, and other overhead expenses. Loan interest and property taxes, paid by the corporation, are tax deductible by individual tenants. Property transfers from the old owner to a new owner are subject to approval by a tenant board.

The United Nations Centre for Human Settlements (2006) group housing co-operatives as a wide range of institutional arrangements for collective non-profit housing. These include collective self-help, mutual assistance, social housing and housing institutions. All these describe the same idea namely individuals who collectively improve their housing situation on a non-profit basis.

Although it does follow the same idea as mentioned above and may be part of the social housing sector, housing co-operatives are separated from non-profit housing, social housing- and housing institutions by means of its structure and the basic principles.

In South Africa, housing co-operatives are part of the Governments' social housing movement (responsibility). According to Satgar (2007) significant policy development has occurred in South Africa to show Government's commitment to co-operatives. The Broad Based Economic Empowerment Act (BEE) (Act No. 53 of 2003), the Co-operative Development Policy for South Africa (DTI, 2004) and the Co-operative Act (Act No. 14 of 2005) can be viewed as policy pillars for the development of the co-operative sector in South Africa (Van der Walt, 2005).

Due to the uncertainty in the housing market of the term "social housing" and what it includes and excludes, it is important to make a clear distinction between social housing and co-operative housing. At the Symposium on Social Housing held in November 2004, social housing experts debated the term social housing and the role and evolution of social housing in society. Wolfgang Förster, Chairman of the UNECE Social Housing Task Force (2002) listed the different social housing models and suggested that the term social housing should rather be referred to as subsidised housing where eligible and defined target groups apply. In South Africa the term "subsidised rental" could be more descriptive. Förster (UNECE, 2002) suggested co-operative housing as a model between owner-occupied housing and rental housing and that it can be referred to as "chameleon tenure" due to the fact that it shifts character over time.

The term "social housing" also varies in form. The terms associated with social housing in most countries are: council housing (United Kingdom), low-rent housing (France), subsidised housing (Denmark), supported/subsidised housing (Germany), subsidised-financed housing (Finland) and so forth. It is important to note that in the UK there are a stigma attached to social housing and housing associations are merging into larger and remote bodies and that co-operative housing can be a model where people can have ownership and management of their own housing need (Bibby, 2008).

In South Africa, the Social Housing Act of 2008 (Act No.16 of 2008) defines “social housing as a rental or co-operative housing option for low to medium income households at a level of scale and built form which requires institutionalised management and which is provided by Social Housing Institutions or other delivery agents in approved projects in designated restructuring zones with the benefit of public funding as contemplated in the Act”.

A Social Housing Institution is defined as “an institution accredited or provisionally accredited under the Act which carries or intends to carry on the business of providing rental or co-operative housing options for low to medium income households (excluding immediate individual ownership and a contract as defined under the Alienation of Land Act, 1981 (Act No. 68 of 1981) on an affordable basis, ensuring quality and maximum benefits for residents and managing its housing stock over the long term”. The general principles of social housing with reference to housing co-operatives are to ensure secure tenure for residents in Social Housing Institutions on a rental basis (between landlords and tenants) and between primary housing co-operatives and its members. Residents and landlords are protected by the Rental Housing Act (Act No. 50 of 1999) and co-operatives and members by the Co-operative Act (Act No. 14 of 2005).

A Social Housing Institution must be a company registered under the Companies Act, 1973 (Act No. 61 of 1973), or a co-operative registered under the Co-operatives Act (Act No. 14 of 2005); or any other form of institution acceptable to the Regulatory Authority. Therefore one can come to the conclusion that all housing co-operatives are Social Housing Institutions, but all Social Housing Institutions are not necessarily housing co-operatives (Social Housing Act No. 16 of 2008).

Based on Förster’s (2004) findings and the South African Governments definition of social housing, one has to conclude that co-operative ownership should not be part of the social housing movement. Social housing primarily uses a rental tenure option and excludes immediate or long term individual ownership.

In 2005, The Social Housing Foundation (2005a) differentiated between two types of co-operatives in South Africa: A continuous housing co-operative (collectively own and governed member-housing on a long-term basis) and a housing development co-operative

(collectively develop housing for individual ownership). A clear definition was formulated for each: A continuous housing co-operative as an “ownership model where 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”, *and* a development housing co-operative as an “institution registered as 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.”

Eglin (2007) uses the term “housing development co-operative” to describe a co-operative where members have joined to obtain housing either group owned or through individual ownership (after a period of time). Ilinge Labahlali Housing Co-operative can therefore be classified as a *continuous housing co-operative* (Social Housing Foundation, 2005a) and a *housing development co-operative* (Eglin, 2007). For the purpose of this study the term “housing development co-operative” will be used.

The term housing association and housing institution is also commonly used. Globally the term “Social Housing Association” is generally used for what is known in South-Africa as a Social Housing Institution. For the purpose of this study the term Social Housing Institution will be used to refer to institutions managing rental housing stock (this is purely done to correspond with the definition of social housing and based on the fact that it excludes immediate or future ownership). Another reason for the use of the term Social Housing Institution is because there is no legal vehicle in South Africa known as a Social Housing Association. The reason being that a Social Housing Association can be:

- A public company with shareholding;
- A private company;
- A co-operative;
- A Section 21 company;
- A communal property association.

A Social Housing Institution however can only take the form of a company registered under the Companies Act, 1973 (Act No. 61 of 1973), or a co-operative registered under the Co-operatives Act, 2005 (Act No. 14 of 2005).

Although Satgar (2007) states that the word “association” is used in South Africa to describe housing co-operatives (as well as “projects”, “self-help group” and “mutual societies”), the term “housing co-operative” will be used in this study. It will describe a group of people coming together for the communal objective of fulfilling their housing need, registering a housing co-operative and achieving collective ownership of their residence and communal spaces.

The development of the housing co-operative sector in many developing countries was to provide sufficient housing due to the failure of other housing delivery systems. In South Africa (as in many developing countries) there is a tradition of collective support (ubuntu-concept). Traditional collective property rights (communal property) have been widely accepted by traditional rural communities, but have not necessarily been transferred to urban areas. Urbanisation is based on individualism and competitiveness and the lack of co-operation in urban areas can stem from a post-apartheid expectation which has been encouraged by politicians that the Government would provide housing and services. In a sense traditional ties have broken down and transformed in the anonymity of cities and towns. The introduction of capitalism has created a market system where land can be utilised to make profits and to make inheritance possible. Housing co-operatives can be the vehicle to self help housing, but also foster collective support even in urbanised communities as they are building on the experience of poor people through stokvels, saving clubs, burial societies as well as the success of agriculture co-operatives (SACP, 2002).

The South African Communist Party (SACP, 2002) identified three critical components to strengthen the co-operative movement in South Africa:

1. Mobilization and empowerment of people to build co-operatives on the provision of basic needs, savings and affordable credit;
2. Ensuring Government support through legislation, policies and support to co-operatives;
3. Building a savings movement and affordable credit for development purposes ensuring that banks and insurance companies serve the interests of the workers and the poor.

Housing co-operatives have many advantages, namely:

- It enables people to participate in providing their own housing (control over where they want to live and the conditions in which they live in – control over their own life; people expressing themselves through their own social and economic institutions) ;
- It mobilises the skills of the community and its financial resources, however small;
- It assists in mobilizing additional resources into the housing delivery system (United Nations Centre for Human Settlements, 2006);
- It eliminates profits taken by estate agents and middlemen during construction;
- It limits speculation as renting and selling are only allowed when a member leaves the co-operative;
- It lowers the costs to members and protects both the lender and the individual. (Khurana, undated).

For the purpose of this study, rental co-operatives are excluded from the research undertaken.

2.2 Historical background of housing co-operatives

Housing co-operatives are deeply rooted in the co-operative movement. Co-operative housing is owned by the residents through a legal co-operative structure using it as a vehicle to reach their collective goal, namely providing shelter. Each member purchases a share in the co-operative, which entitles them to live within a specific unit, participate in decisions regarding their individual and common living spaces and are actively involved in the governance of the co-operative. Shares in the co-operative are bought and sold like any other shares, with one significant difference: shares are sold by outgoing members to incoming members, with the approval of the co-operative, represented by a board of directors (elected by the members of the housing co-operative). A housing co-operative member's share is their investment (albeit in the form of a subsidy or grant) and carries with it the right to occupancy under an occupancy agreement.

Co-operatives can be traced back to 2067 BC when King Hammurabi introduced co-operative farming in Babylon. Other early forms of co-operatives include credit unions in

ancient China, craftsman guilds in Rome and funeral societies in early Greece (Association to Resource Co-operative Housing, undated).

In comparison with other co-operatives, housing co-operatives had a slow start due to the unique constraints pertaining to housing. Housing co-operatives could only be started with outside support (private and/or state) due to the high start-up costs (which poor people usually cannot afford). Initial support for housing co-operatives came from the capital-rich consumer co-operatives. Housing co-operatives were preceded by other forms of housing e.g. private renting, housing associations and mortgage owner-occupation. Trade unions and churches have played a major role in the development of co-operative housing (Birchall, 1997) in BC Institute for Co-operative Studies, undated).

1780: Although agricultural co-operatives existed for more than six centuries in Greece, formal co-operatives were set up to finance and organise production and exports. In 1778/1780 the villagers of Ambelakia and surrounding villages started their own co-operative in order to assist poorer people from tax duties and provide important social services. In 1900 the modern form of agricultural co-operatives originated in Almyros (Petropoulou, 1993; Chloupková, 2002:21).

1844: Co-operative principles were established as early as 1844 by the Rochdale Pioneers and the following are still practiced today: open membership; one member, one vote; limited return on share capital; not-for-profit operation; continuous education and cooperation among co-operatives. These are known today as the Rochdale Principles which helped strengthen the movement. In 1861 the Rochdale Pioneers Land and Building Company provided the first co-operative housing in Rochdale. By 1867 the Rochdale Equitable Pioneers Society was building and providing housing. The International Co-operative Alliance revised the Rochdale principles in 1995 (after the 150th birthday of Rochdale) and the “Statement on Co-operative Identity” is recognised as the basis of any co-operative (Rochdale Pioneers, 2008). However in 2007 two amateur historians (John McFadzean and John Smith) claimed that the co-operative movement was not founded in Rochdale, but at least 240 years before 1844, in 1761 when a group of self-employed weavers gathered secretly in the village of Fenwick in Scotland. A document was found where the 15 men signed an oath to be “honest and faithfull to one another... and to make good and sufficient work and exact neither higher nor lower prices than are accustomed”. The society began lending money to needy members and their

families, making it the first credit union. The records are kept at the National Library of Scotland (Carrell, 2007).

1850: In the mid 1800's several apartment associations operated co-operatively in New York City. In Birmingham, England a Building Society was used for a group of people to save collectively and build row housing. Once everybody was housed, the Society was terminated (BC Institute for Co-operative Studies, undated).

1861: As early as 1861, retail co-operatives provided affordable housing for their members, but the first exclusive housing co-operative appeared in Hanover, Germany in 1862 (International Co-operative Association, Germany, undated). The Bismarck Government promoted the provision of housing through co-operative housing to help prevent revolution. It was however abolished in the 1930's by the Nazis (Rodgers, 1997). As people migrate from Europe, the idea moved to America.

1866: The first Raiffeisen co-operative, The Raiffeisenbank in Muhldorf was founded due to the social situation of the rural population in Austria. The co-operative bank spread within ten years all over Austria and resulted in a set-up of 600 co-operatives. Regional parliaments- and political support were given to the co-operatives and in 1898 the first dairy co-operative was established (Van Bekkum and Van Dijk (1997) in Chloupková 2002:14). Today the Raiffeisenbank group is the largest private bank in Austria with a co-operative structure and owned by its 1.7 million members.

1870: Although the first housing co-operative in the United States dates back to the 1870's in New York, it was only after World War One that the model became significant in housing development (Sazama (1996) in Sedhain, 2005). Housing co-operatives are not unique to one specific country, although it might have taken some time to be established in the United States and England, as seen below.

1871: Different types of co-operates emerged for a short period in France as an alternative to capitalism (as capitalism could not deliver the desired outcome) before the French army repressed all forms of co-operatives. In 1890 vineyard owners started to farm with cows and this lead to the creation of diary co-operatives. In 1904, vineyard farmers pooled together to produce and market wine. In May 1968 factories and apartment blocks were all changed to co-operatives. This was again repressed by the De

Gaulle Government. In 1974 co-operatives were legalised (Bowman & Stone, 2007; Chloupková, 2002).

1873: The first agricultural rural co-operative was founded in Luxembourg (COGECA, 2000 in Chloupková, 2002).

1886: The first student housing co-operative was established in 1886 at the Northwestern University in Evanston, Illinois, USA. Several universities in the United States offered co-operative housing for self-supporting women students in the 1910's and 1920's. The Finnish Home Building Association was established in New York to provide housing for Finnish immigrants in the USA and several co-operative apartment blocks in New York drew support from progressive Jewish groups and trade unions. In New York, the Garment Workers Union during 1927 set up the East River Housing Co-operative (Alamo Housing Co-operative, undated) and still provides good quality housing today. In 1940 student housing co-operatives began to appear on college campuses across the United States and the North American Student Co-operative League (NASCL) was formed.

In 1968 NASCL was revived as NASCO (North American Students of Co-operation) which continues to support existing and new student housing co-operatives in North America. The United State's second largest housing co-operative namely the Rochdale Village was formed in Queens, New York City in 1963. Today Rochdale Village owns 5860 co-operative apartments (BC Institute for Co-operative Studies, undated). In 1972 trade unions in the USA sponsored the largest housing co-operative in Northern America, Co-op City, the Bronx, New York City. Today this co-operative includes over 15 000 units, 50 000 residents, its own schools and shopping centres. In the 1990's limited equity co-operatives were created in the USA as a result of the abandonment of buildings and resident take-overs (BC Institute for Co-operative Studies). Five co-operatives with 272 homes, were created in Los Angeles as a result of a campaign organised by 1 500 tenants.

1889: In Germany, between 1889 and 1913, 125 000 units were developed through a state legal framework for co-operatives with low interest loans and land from local authorities (International Co-operative Alliance, Germany, undated). Hollis and Sweetman (1998) in Chloupková, 2002 however contradict the ICA by stating that Germany was in 1840 already the birthplace of credit co-operatives. Furthermore they claim that in 1885,

245 bank co-operatives existed and increased to over 14 500 co-operatives with 1.4 million members in 1919. Today there are approximately 2 000 housing co-operations in Germany. They represent 10% of the total rental stock in the country (International Co-operative Alliance, Germany, undated).

1900: The first housing co-operative was established in Helsinki, Finland. Many co-operatives were set-up by the members themselves. The workers included workers of the same company or of the same trade (Worldlingo Translations, 2009).

1913: Canada started the Guelph Campus Co-operative (retail co-operative), later added a student housing component and in 1930 the Antigonish Movement of St. Francis Xavier University, Nova Scotia promoted building co-operatives, which enabled members to build houses for one another. When all the members were housed, the co-operative dissolved, leaving the members as individual owners. By 1936, the first permanent housing co-operative was established in Canada at the University of Toronto to provide housing for students. In 1966 the Willow Park Housing Co-operative opened in Winnipeg, Manitoba and is the first permanent housing co-operative for families in Canada. The Federal Government of Canada (1973 – 1995) under the Canadian Mortgage and Housing Co-operation amended their National Housing Act and launched the first programme to develop housing co-operatives. Over 60 000 co-operative homes were created across Canada under federal and provincial programmes. In 1995 Federal Government withdrew funding from the new co-operative housing in Canada and Provinces and municipalities started to fund co-operatives. In 1999 there were over 2000 housing co-operatives in Canada with 111 000 members and nearly \$5.6 billion in combined assets (Government of Canada, 2001).

1914: The oldest co-operative movement in the Southern Hemisphere dates back to 1914 in Mauritius and is still in existence today, with 591 active co-operatives and 150 000 members. The Mauritius Co-operative Union was established in 1952 by the Government and co-operatives. It acts as a liaison between Government and the co-operative movement. The Mauritius Co-operation Movement consists of an Apex Organisation (The Mauritian Co-operative Union Ltd), 12 Federations which fall under the category Secondary Societies and at primary level, Co-operative Societies. The Ministry of Industry, Small Medium Enterprises and Co-operatives has a dedicated division for co-operatives

who is responsible for the legal aspects of co-operative functioning and the promotion and development of co-operatives through creating a facilitating environment. The Government has a long history of supporting and working with co-operatives (Republic of Mauritius: 2009).

1916: Sweden started the Stockholm Co-operative Housing Association in 1916 (Inter-Allied Housing and Town Planning Congress, 1920), which until today still promotes up to 1700 housing co-operatives. In 1923 the tenant organisation founded the Savings Bank. The Housing Association was formed on a three level tier, namely a national society, 65 local societies which are also savings banks and individual housing co-operatives (International Co-operative Alliance, Sweden, undated).

1930: Co-operatives in Tanzania date back to the 1930's. At Independence in the 1960's Tanzanian Co-operatives accounted for 82 percent of agricultural exports. When Tanzania became independent, independent co-operatives were encouraged. Unfortunately the co-operatives were seen as an integral part of a socialist agenda to transform rural Tanzania into a socialist society. Tanzania introduced housing co-operatives in 1970. The International Co-operative Housing Movement and the United Nations initiated housing co-operatives with the goal to develop the Government's capacity to deliver shelter and to create a co-operative housing movement in Tanzania. By 1975, President Ujama moved away from independent co-operatives and existing co-operatives were disbanded. In 1991 the old model of primary co-operatives were brought back and placed under the Ministry of Agriculture. Since 1991 the Tanzanian Government is supporting co-operatives without controlling them (Somavia, 2006; International Labour Organisation, 2001).

1930: The co-operative housing movement was founded in 1930 in Norway. Norway converted 5 000 public sector homes, under the Oslo Local Authority to housing co-operatives in 1951. In Norway today, over 15 per cent of all housing is co-operatively owned and managed. If you rent a home in Norway, you are more likely to rent from a housing co-operative than from any other type of landlord. Approximate 80 per cent of the Norway population is home owners through individual or co-operative housing today (Norske Boligbyggelag, undated).

Mid-1930: Co-operatives began to provide housing for their members in Turkey. Co-operative members acquired dwellings and after construction, the co-operative was dissolved. The first housing co-operative was established in Ankara in 1935. The members were senior Government employees and the construction on 169 houses were finished in 1938. The number of registered co-operatives since 1935 is 69 900 and 2.76 million people have been members of these co-operatives. In 1975 thirteen co-operatives formed the Kent Co-operative and at present includes 105 associate co-operatives with 3 000 members (Munkner in UNECE, 2002).

1940: The co-operative movement started in Kenya in 1940, when coffee workers wanted to grow their own cash crops. The then colonial Government allowed this through coffee co-operatives. The Kenya Government played a crucial role in the co-operative movement, but had a top-down approach – it therefore created a highly dependent and unsustainable co-operative movement. In 1997 the Government changed its policies allowing for greater autonomy and self-reliance in the movement. It shifted its role to assisting co-operatives and helps create conducive environments in which co-operatives can flourish. Today about 6.3 million Kenyans belong to a co-operative (Alder & Munene, 2006).

1943: The most famous and successful co-operative is the Mondragon Group in Basque, Spain. In 1943, Father Arizemendi persuaded the locals to establish a technical college which taught, among other things, that people in industry should work co-operatively. In 1956 five college graduates established a business owned by its workers, Ulgor. Starting with 23 workers in 1956, the company had 170 workers by 1959. Over the same period other co-operatives were established. In 1980, Mondragon had 76 trading co-operatives employing 15 621 workers, 36 school co-operatives and 14 housing co-operatives (The Mondragon Group, undated).

1964: Brazil started its first National Housing Bank in 1964 as part of the Brazilian Government's policy to address the housing shortage. Only 5 per cent of the 4.5 million homes built benefited the poorest segment of the Brazilian population. In an initiative to reach that sector of the population, a second generation programme was launched in alternative processes such as financing of urbanized lots and housing co-operatives. At the beginning of the 1980's, Brazilians began to organise themselves to promote the

building of houses. In Sao Paulo various initiatives sprang up in the form of self-managed co-operatives that were not part of any specific programme. Self-management can be considered the most highly evolved model of the housing co-operative process in that it requires a society organised into community associations (De Arruda, 2001).

In 1988 the first programme of self-managed popular co-operatives with direct financing was drawn up. Although the programme was abolished by the following Government, this movement influenced the later appearance of state and municipal house building programmes by self-managed co-operatives. Co-operative programmes in Brazil still provide an opportunity for access to housing for low and extremely low income segments of the population which had never benefited from any programme directly providing housing to the end-user. Between 1992 and 1995 the first housing programme was launched through agreements reached between the city council and resident associations within the housing co-operative sector. This programme enabled the construction of more than 90 building projects with a total of almost 10 000 units.

1966: In Uruguay (1966) the first mutual aid housing co-operatives were established which consisted of labour activists, sponsored and supported by a non-profit organisation, the Uruguayan Co-operative Centre (Fucvam: undated).

1968: During the late 1960's and 70's housing co-operatives emerged in England. They were based on the Scandinavian and Canadian models of co-operative housing tenures. What began in Rochdale, was only then applied to the United Kingdom's housing provision strategy. The first housing co-operatives were all co-ownership schemes. In 1970 rented co-operatives began to develop. Housing co-operatives in the UK enjoyed public funding for the first time in 1976. The CDS Co-operative Housing Society Ltd, a specialist secondary co-operative service agency, manages 3 000 units of co-operative housing in 70 housing co-operatives around London and the South of England in 1997 (Rodgers, 1997).

1972: Mexico experienced a five fold population increase between 1930 and 1960 and by 1970 the population had reached 7 million inhabitants (Rodriguez Davalos, 2006). When the mines closed in 1970 in Palo Alto, the mine workers were to be evicted and the community of ex-workers began their struggle to prevent eviction. In 1972 the Palo Alto Housing Co-operative was formally established. The first stage of construction began in

1976 and by 1980 all the families had their own homes. Currently the Palo Alto co-operative is under severe pressure due to internal divisions. It started when 35 co-operative members demanded individual legal titles to their houses in order for them to sell their houses to the highest bidder. Palo Alto is well located and has high land values. Estate agents tried to destroy the co-operative to allow them to sell the land. When the other co-operative members rejected the possibility of title to properties, the case was pursued in court. This resulted in the organisation losing its co-operative status and this has led to the withdrawal of financial support. In 2007 the case was still not resolved.

1974: Between 1974 and 1991 over 1 000 housing co-operatives, with 42 000 members formed in Ethiopia. Ethiopia, one of the world's poorest countries, had 14 423 co-operatives by 2005. It was only in the early 1990's that the Ethiopian Government placed emphasis on producer co-operatives. Unfortunately it was never separated from Government and in most cases semi-Government institutions. Eventually co-operative promoters re-invented the image of co-operatives and the Government defined its role in co-operative development primarily in terms of oversight and technical assistance. It does not provide any form of finance to co-operatives, but co-operatives are now autonomous and guided by the seven principles of the International Co-operative Alliance (International Co-operative Alliance, 2001).

The ICA was founded in 1895 as an independent, non-Governmental organisation which unites, represents and serves co-operatives worldwide. It is the largest non-Governmental organisation in the world. The ICA has 230 member organisations in 100 countries representing more than 750 million individuals worldwide.

2.3 Housing co-operatives in First World Countries

Co-operative housing provides a substantial share of housing in First World Countries.

In Norway, if you are not an individual home owner, you are most likely to occupy a housing co-operative home than any other form of housing. Fourteen per cent of their total housing stock of 1.7 million dwellings is co-operatively owned and managed under the umbrella of the Norwegian Federation of Co-operative Housing Associations (NBBL). The NBBL are responsible for 15-20 per cent of total housing production in Norway each year. Sweden has two major co-operative housing organisations. The largest housing co-operative, HSB Riksförbund, manages over half a million homes.

In the United States, housing co-operatives are sponsored by a development group. The development group was established to assist housing co-operatives and the co-owners of the co-operative jointly own the physical structures through shares in the co-operative. The co-operative owns the land and the buildings and a democratically elected board of directors or management firm manages it. It is a flexible arrangement and therefore can also have rental accommodation as well as individual ownership (OCDC, 2007). United States co-operatives are restricted to the use of the words “co-operative” or “co-op” and are organised under non-capital share corporations and under state-specific co-operative laws.

In the United Kingdom, co-operatives fall under the Industrial and Provident Societies Act of 1965. Recently the Limited Liability Partnership is being used as a legal form for the establishment of co-operatives. Many co-operatives adopted the principle of common ownership and have a nominal share capital along with a clause stipulating altruistic dissolution. This means that the co-operative cannot be dissolved and its assets cannot be distributed for personal profit.

In many countries support organisations provide a range of services to housing co-operatives:

Canada: Canadian Housing Co-operatives are served by independent resource groups who acquire land, design and constructing the houses while funding comes mainly from a Government body. Today housing co-operatives are the largest non-profit housing sector housing over 250 000 Canadians.

Sweden: Two large federations of housing co-operatives exist which undertake all aspects of housing development. The primary housing co-operative has few responsibilities except post-occupancy management.

According to UN Habitat (2005) considerable assistance is required to enable co-operatives to fulfill its potential. This includes a national framework of institutional support, the emergence of support organisations, the development of a financial system which recognises the particular needs of co-operatives and the development of competent management within co-operatives through programmes of human resource development.

The largest co-operative housing complex in the world is the Kent Co-operative in Baitikent, Turkey where over 250 000 households live in co-operative managed homes.

The European Co-operative Statute in the European Union provides a corporate form for co-operatives with individual or corporate members in at least two of the EU Member states. In the EU and large parts of America, co-operatives are considered as part of the Social Economy or Third Sector Economy.

In Europe, there are 10 614 000 housing co-operatives. Fifteen per cent of Norway and 2 per cent of the United Kingdom's housing stock is co-operative. The Czech Republic has 10 000 housing co-operatives. Twenty-five per cent of housing developments in Turkey in the last 25 years has been through the co-operative system (Karlyle, 2005:3).

It has taken these countries years to organise co-operative housing at local level, to organise regional and national supporting institutions/organisations to promote and implement a supporting policy and institutional framework.

2.4 Housing co-operatives in the developing world

Lewin (1981:151) describes housing co-operatives in the developing world as the “step-children” of the co-operative movement, because of the low priority given to housing and urban development in comparison to agricultural-rural projects.

However in 1996 DESA (United Nations Department of Economic and Social Affairs) stated that housing co-operatives play a major role in many developing countries especially helping the informal sector to obtain access to land and materials to build their own houses (DESA, 1996). UN Habitat recognised this in 2005 in the Habitat Agenda Paragraph 82: “Encouraging communities to form housing and multi-purpose community development co-operatives, especially for the provision of low-cost housing”. According to Habitat the co-operative approach plays a key role in helping to match supply with demand with specific reference to shelter.

Examples of successful housing co-operatives in the developing world explored for the purpose of this thesis, have been limited to Uruguay, India and the Philippines, each with its own model.

2.4.1 Uruguay

Housing co-operatives emerged after an economic crisis in the 1960's as an alternative solution for housing in Uruguay. Housing co-operatives in Uruguay were developed by the CCU (the Uruguayan Co-operative Centre) in 1965 promoting the development of co-operatives. They created an interdisciplinary team to research, draw up and develop co-operative housing programmes aimed at satisfying the housing needs of low income people. In May 1970 the Federacion Uruguay de Cooperativas de Viviendas por Ayuda Mutua (Federation of Housing by Mutual Aid (FUCVAM)) was formed. With over 300 housing co-operatives, it provides centralised services to members (The Federation of Housing Co-operatives in Uruguay, undated).

The Uruguay Government paved the way for housing co-operatives by passing the Uruguay National Housing Law in 1968. Once the law was passed, co-operatives emerged quickly and efficiently. Sedhain (2005:26) states the precise norms for housing co-operatives:

1. Housing co-operatives are companies ruled by co-operative principles. The main objective is to provide suitable housing to the associates through mutual aid, own effort and direct administration or contracts with third parties;
2. The General Assembly, Fiscal Commission and the Co-operatives Development Commission oversees all housing co-operatives;
3. Co-operative Housing Units are groups of homes which can have between 20 and 200 co-operative members (primary co-operatives). Parent Co-operatives (secondary co-operative) can have between 20 and 1 000 members without housing being awarded, but having affiliates providing co-operative units.
4. New mechanisms and legal practices for access to housing;
5. Initiation of the National Housing Fund: Employers pay two per cent income tax of which one per cent is contributed by the employer and one per cent is contributed by Social Security Entities aiming to subsidise housing for the lower-income sector;
6. The co-operative contributes by prior savings and with work during construction.

Financial support, a proper legal framework, interdisciplinary, technical and social assistance played a great role in the success of Uruguay's housing co-operative sector. In 1974 more than 70 per cent of investments in the Housing Plan had been aimed towards the public system (57 per cent to co-operatives, a little over 20 per cent to mutual aid co-operatives and to the savings and loans mode (Sedhain, 2005; Sarachu, undated)).

Since 1977 the State-owned mortgage banks' (Banco Hipotecario del Uruguay) role expanded to administration, recovery, building, selling, planning, executing, evaluating and social education. The bank was forced to take charge of the design of housing programmes when the social criteria guiding the National Housing Plan was substituted by banking profitability (de Arruda, 2001). From 1979 the bank provided loans to registered co-operatives. Between 85-90 per cent of the amount could be taken as loans, with an interest rate of 2-4 per cent. The remaining 15 per cent would be financed by previous savings (5 per cent) and a minimum contribution of labour (equal to 10 per cent with the possibility of this reaching 12 per cent). In order to participate in the labour component, it was obligatory for every household to work 21 hours per week. By the end of 1979, almost 40 per cent of total households were built by co-operatives.

The National Co-operative Alliance released a ground breaking study in 2007 showing the top 300 co-operatives in the North and the top 300 co-operatives in the South. Satgar and Williams (2008: 6) though felt that the NCA's criteria for determining the top 300 were not representative of smaller, successful co-operatives as the NCA used turn-over as criteria, rather than measuring the social impact and that co-operatives are not simply economic institutions, but are also social institutions.

The Uruguay Model (Refer Model 3: Uruguay Model) proves that housing co-operatives in Third World Countries can be successful providing that certain policies and support structures are in place. One should keep in mind that before the Uruguay Model emerged, the Uruguayan Co-operative Centre appointed an interdisciplinary team to research, draw up and develop co-operative housing programmes to enable the co-operative sector to succeed. The assumption can thus be made that before housing co-operatives are promoted, the basics of demand and supply should be

researched and only then can programmes be developed to ensure viable and sustainable housing co-operatives suiting the needs of the citizens for which it was intended to assist in the first instance.

The Uruguay Model is based on the following:

1. *Member participation and equity* (sweat equity as well as savings);
2. *Financing* through a state owned bank to ensure affordability and subsidizing by a National Housing Fund involving employers;
3. *Technical assistance* through technical institutions providing much needed education, co-operative principles, building regulations, accounting and legal assistance as well as assisting families in planning and budgeting;
4. *Government participation* through enacting a housing policy to provide separate articles and clauses for the development of housing co-operatives together with housing co-operative bodies.

The Uruguay Housing Co-operative Model can therefore be seen as a model of successful housing development.

2.4.2 India

India also has a long history of housing co-operatives. It started with the Bangalore Building Co-operative Society in 1909, followed by the formation of the Bombay Co-operative Housing Association in 1913. Although the first Prime Minister of India, Jawaharlal supported the growth of co-operatives, the development of housing co-operatives remained marginal until the 1950's (International Co-operative Association, 2005-2009). From 1959 until September 2008, the primary societies in India multiplied 16.5 fold and membership increased from 0.32 million to over 6.5 million (Khurana, undated).

Today the co-operative housing movement has spread to every part of India (Khurana, undated). In India urbanisation is a huge obstacle as land availability creates the biggest problem. Housing, employment and poverty are interlinked. The biggest housing co-operative is the Vidarbha Premier Co-operative Housing Society which was

founded in 1930 by 12 members. By March 2008, the membership reached 40 000 members and is fully self-sufficient (NCHF, 2006).

The Indian Co-Operative Housing Movement is a four tier structure, namely housing co-operatives, district federations, state level federations and the national federation. The National Co-operative Housing Federation of India (NCHF) was set up in 1969 as the national organisation for housing co-operatives. Important to note is that the NCHF is sponsored by the Ministry of Housing and Urban Poverty Alleviation which provide them with grants (International Co-operative Alliance, 2001). The NCHF (2006) has various functions:

- Promoting, co-ordinating and facilitating the development of housing co-operatives;
- Guidance to housing co-operatives and their federations (26 state level federations are members of the NCHF)
- Training;
- Liaison agent between housing co-operatives and financial institutions (establishing a financial institution at state level to assist primary co-operatives in getting loans at a lower interest rate);
- Represent the Indian Co-operative Housing Movement at national and international forums;
- Assist housing co-operatives with their insurance needs.

The functions of the 26 state level federations are to:

- Provide financial assistance to housing co-operatives in their respective jurisdiction;
- Provide guidance on technical matters; legal and management issues;
- Co-ordinate the activities of primary- and district level co-operative federations;
- Develop small housing complexes in the state;
- Promote the organisation of co-operative housing societies through publicity and propaganda; and
- Assist in the general co-ordination and supervision of activities, for example obtaining building material etc.

Different types of housing co-operatives at primary level are classified into four groups, namely:

Tenant Ownership Housing Societies: Land is held on either leasehold or freehold basis by the Society and the members own their houses and lease the land from the Society. Strict rules exist with reference to subletting and transferring of a house, but members can build their houses as they wish.

Tenant Co-Partnership Housing Societies: The land and the houses are owned by the Society (leasehold or freehold) and members have the right to occupy the houses by paying an initial share and monthly rental.

Housing Mortgage Societies: These societies lend money to members for construction of houses, similar to the previous South African Building Societies in South Africa. The arrangement for the construction of houses, are the member's responsibility. Housing Mortgage Societies are different from other credit societies as they have their own purpose for lending, criteria for lending, the duration of the loan and the security they demand.

House Construction Societies or House Building Societies: These societies build houses for their members, and recover the finance through loans granted to members (NCHF, 2006; International Co-operative Association, 2005-2009;. Khurana, undated).

Legislation with reference to housing co-operatives includes the Indian Co-operative Societies Act and the Co-operative Societies Rules which are administered by the Registrar of Co-operative Societies appointed by the Indian Government. The national level co-operatives and the multi state co-operative societies are governed by the Multi-State Co-operative Societies Act and Rules.

The India Model as illustrated in Model 4: India Model can be described as a top-down approach where all levels of Government (national-, federal- and district level) are involved in ensuring the success of housing co-operatives. Private sector companies are involved in providing essential assistance in mobilizing domestic savings and the

creation of methods to extend housing finance to especially the poor segment of the housing market.

Although housing co-operatives in South Africa are a relatively new form of providing shelter, the Indian Model provides an important structure with regards to a top-down approach to ensure that Government policies are not only implemented at national level, but ensures that all policies are implemented by all tiers of Government.

2.4.3 Philippines

At the Habitat II Non-Governmental Organisation (NGO) Forum at Istanbul, Turkey, on June 3-14, 1996, the SLU (Saint Louis University)-SVP (Saint Vincent Parish) in the Philippines was presented as a case study of one of the world's best examples on Co-operative housing (Khor & Lin, 2001).

The housing problem in the Philippines is, as in many Third World Countries, the result of poverty. Sixty per cent of the Philippine people live below the poverty line, 14 per cent are unemployed and 22 per cent are under-employed. One of the world's most successful private housing co-operatives was founded in the Philippines through the co-operation between the St Louis University, the St Vincent Parish and the congregation of the Immaculate Conception of Mary. The SLU-SVP Housing Co-operative was established in 1971. The first land obtained was donated by the congregation and a soft loan from the Misereor Foundation of Germany as well as a grant from Belgium was obtained to construct 50 housing units. Presently the housing project consists of 13.4 hectares which the co-operative bought from the congregation.

The success of the SLU-SVP can be ascribed to the following:

1. Small project at first which allowed members to gain experience;
2. Only employees from the University and the Parish as well as residents of the congregation were allowed to benefit from the establishment of the co-operative with a minimum employment period of at least 3 years and in the case of the congregation 5 years minimum residency;
3. Minimum income levels – to ensure that members will be able to repay loans as well as services and utilities;

4. Capital build-up – a type of savings scheme while you wait for a house to be allocated;
5. Only people who do not have any form of land ownership, may become members;
6. People who have been a member for the longest time are given preference in the allocation of houses;
7. Deposit requirements – a minimum deposit was required in order to qualify;
8. Community service - all members had to render community services for free (landscaping, site development, cleaning, road building etc) – this also created a sense of belonging and instilled community spirit;
9. Training and education - all members had to attend a two day seminar on co-operative principles. Seminar workshops were held on co-operatives and community development and lead to a college course entitled, Town and Country Planning;
10. Various studies were undertaken to study the administrative-, technical-, organisational-, educational- and financial aspects of starting a housing co-operative. The initial group who studied the various housing co-operative aspects, became the coordinating committee;
11. Members are given 20 years to repay loans;
12. Title deeds are only issued once the loan is fully repaid (based on the rent to buy principle);
13. Only members may occupy houses and members may not rent any part of the house or stand;
14. In the beginning members were not allowed to sell their houses to incoming members, but had to sell it to the co-operative. This has changed in later years and houses can be used as collateral as well;
15. Loan repayments are cheaper than most rentals in the nearby city;
16. Loan repayments are determined by the construction cost of the house which has been allocated to the member (Khor & Lin, 2001).

After the success of this co-operative, the Philippine Government developed the Philippine Co-operative Code of 2008 which replaced the 1990 Co-operative Code as the 1990 Code only made provision for credit-, consumers-, producers-, marketing service- and multi purpose co-operatives. In 1990 the University of the Philippines Employees Housing Co-operative (UPEHCO) was founded. According to Teodosio, VA in Khor & Lin, 2001 the

UPEHCO is a “concrete example of a viable partnership between Government providing housing finance and a co-operative”.

The Philippines Model (Model 5: Philippines Model: SLU-SVP) is a typical example of a housing co-operative which was initiated “by the people, for the people”. The Philippines Government only became involved in 2008, long after the SLU-SVP housing co-operative was formed and provided housing for its members. This model differs from the Indian and Uruguay Model where both these models were successful due to Government policies and structures supporting housing co-operatives.

All three these models can be used as an example for the structuring of housing co-operatives. Firstly the concept of “by the people, for the people”. In many Third World Countries, Governments ignore self-help settlements and rather promote the building of conventional housing units (Gilbert & Gugler, 1992:132). The Philippines Model was initiated by the congregation. Cognisance should be taken of the SLU-SVP’s level of education. The St Louis University was in the favourable position of sending staff members to investigate and gain knowledge about co-operatives which lecturers and staff could transfer to the employees of the university. Another factor to consider is the donation of the original land for the development of the co-operative and the Belgium grant. Although it was initiated “by the people”, the people who benefited from the co-operative, had the advantage of a higher level of education with the backing of the congregation and the university.

The other two models are typical examples of housing co-operatives which were initiated by Government and Government agencies with a top-down approach. Both the Uruguay and India Governments used housing co-operatives to alleviate the national housing crisis in these countries. All three models as mentioned above were successful due to institutional support.

The next section will explore the different types of housing co-operatives in South Africa and the models used to develop the housing co-operative industry in South Africa.

2.5 Different models of housing co-operatives

Before different models of housing co-operatives can be described, it is important to first clarify different types of co-operatives. There are three tiers of co-operatives in South Africa (Co-operative Act No. 14 of 2005), namely:

Primary co-operatives: At least five natural persons (not juristic persons) establish a primary co-operative to address a common need; (in respect of a primary housing co-operative, its main objective must be to provide housing for its members, a user agreement must give its members the right to occupy the housing units allocated to members by the co-operative for as long as they are members of the co-operative and that the right of a member to occupy a housing unit owned by the co-operative, terminates once membership is terminated).

Secondary co-operatives: At least two or more primary co-operatives register a secondary co-operative to provide management services to the member primary co-operatives (with respect to secondary housing-co-operatives the main objective must be to provide services to primary housing co-operatives and to undertake housing developments on behalf of existing or proposed housing co-operatives);

Tertiary co-operatives: At least two secondary co-operatives establish a tertiary co-operative to address a common need and thus form a co-operative at national level to engage National Government in policy discussions.

These three tiers of housing co-operatives in South Africa corresponds with the United Nations Centre for Human Settlement's (2006:21) **Primary Co-operative** (a housing co-operative which have a membership of individuals or families – a typical grass root organisation) and **Secondary Co-operative** (primary co-operatives which forms the next level in the hierarchy and has a membership of primary co-operatives).

It is important to note that the provisions of the Share Block Control Act (Act No. 59 of 1980) do not apply to a housing co-operative registered in terms of the Co-operatives Act No. 14 of 2005. All three tiers of co-operatives apply to housing co-operatives.

Furthermore housing co-operatives can be divided into different types of co-operatives relating to the different tenure structures of each, namely **Housing Property Owning Co-operatives** (members have joined to own houses as a group), **Housing Development Co-operatives** (members have joined to obtain housing either group-owned or individually owned), **Housing Property Management Co-operatives** (Housing Property Owning Co-operatives have joined to arrange property management services for the Housing Property Owning Co-operatives) and **Housing Common Space Owning Co-operatives** (members have joined to share common spaces and facilities) (Eglin, 2007).

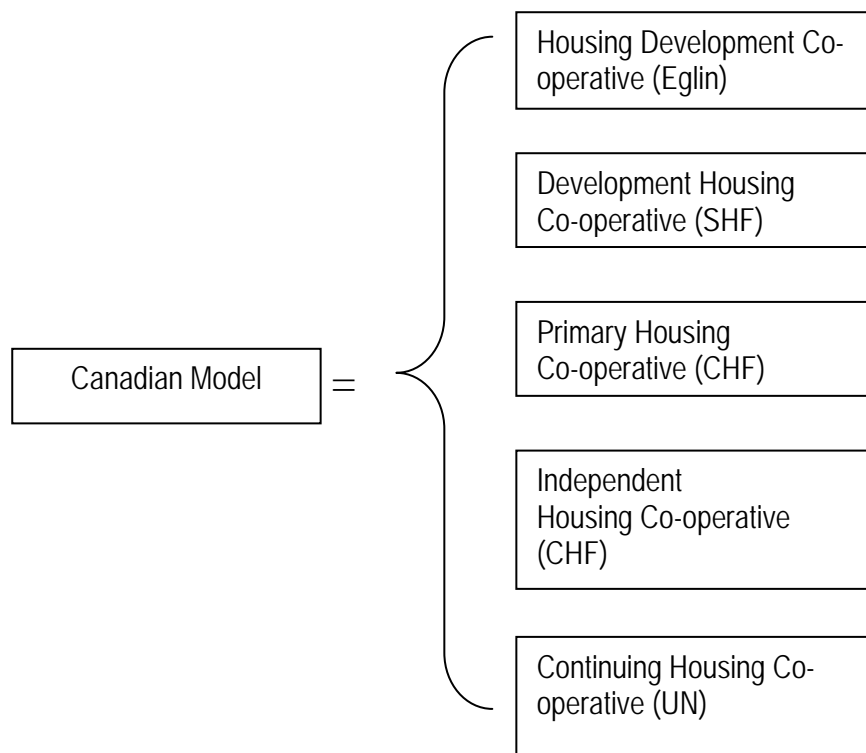
The Social Housing Foundation (2005a) however only makes a distinction between two different types of housing co-operatives, namely a **continuous housing co-operative** (where members collectively own and govern their housing on a long-term basis) and a **development housing co-operative** (where members develop housing collectively for individual ownership). A **continuous housing co-operative** according to the SHF is an ownership model where the housing stock remains collectively owned by the members of a co-operative institution and the members of the co-operative have a right to occupy housing units. A **development housing co-operative** is an institution which facilitates the delivery of housing, but does not own it. (The **development housing co-operative** must not be confused with Eglin's housing development co-operative (Eglin, 2007)). The co-operative member takes ownership when the houses are completed and the co-operative can be discontinued, but in many cases the co-operative will have a long-term interest in developing community livelihoods.

CHF International, South Africa (2002) differentiates between three different types of housing co-operatives, namely **Housing Management Co-operatives** (Housing co-operatives are being developed by the housing management co-operative). In addition to developing-, owning- and managing housing co-operatives, the housing management co-operative constantly develops new housing units for its members who join its waiting lists. The completed units are grouped into individual housing co-operatives and allocated to members. These co-operatives are organised as independent housing co-operatives, but retain certain ties to the management co-operative who provides management services to the housing co-operatives); **Primary housing co-operatives** usually have houses developed on single (or adjacent) pieces of land of a fixed size. It is a not for profit-, independent- and autonomous organisation. Each member has one vote whilst the co-operative holds title to its property. The co-operative is responsible for the upkeep and

management of the units and common areas within the housing co-operative; ***Independent Housing Co-operatives*** which is formed on the basis of a single task to be performed by the co-operative namely the delivery of housing units. They may choose to use the services of a housing management co-operative or another agency to help them through the development process.

This differs from The United Nations Centre for Human Settlements (2006), who distinguishes between a ***limited housing co-operative*** (the co-operative acquires the land, subdivide the land on completion, each member receives his/her own plot, the co-operative dissolves as it has achieved its goal of providing a plot, services and structure, individual plots become the property of each member), a ***multiple mortgage housing co-operative*** (the co-operative owns and maintains the common areas, but the members own their separate units and land, each member usually has his/her own loan agreement and can sell the house/flat/apartment whenever he/she chooses) and a ***continuing housing co-operative*** (the co-operative owns the land, houses and common areas, members don't own individual units but have a share in the co-operative. Outgoing members are substituted by incoming members).

Housing co-operatives can also follow the **Canadian Model** (See Model 1) or the **Norwegian Model** (See Model 2). The Canadian model is a grass root housing co-operative with members from beneficiary communities and allows for immediate ownership or ownership at a later stage – this compares with Eglin's ***Housing Development Co-operative***, the SHF's ***Developing Housing Co-operative*** and the CHF's ***Primary Housing Co-operative*** (immediate ownership or at a later stage), the CHF's ***Independent Housing Co-operative*** (immediate ownership – only used the co-operative as a vehicle to own property), the United Nations Centre for Human Settlements' ***Continuing Housing Co-operative*** (a housing co-operative owns the land, houses, common spaces).



MODEL 1: CANADIAN MODEL COMPARISON

Source: Compiled by the researcher, 2009

In Canada three types of co-operatives exist, namely the co-ownership co-operative, the equity co-operative and the occupant run co-operative. The co-ownership co-operative model is based on one share, one vote in the co-operative which owns the building. One share provides the individual with occupancy rights and the share may be sold by private sale and in the open market. Credit unions offer limited financing to younger buyers as financing for this type of co-operative is not available from major financial institutions. Incoming members however are approved by a Board of Directors and are subject to the signing of an Occupancy Agreement.

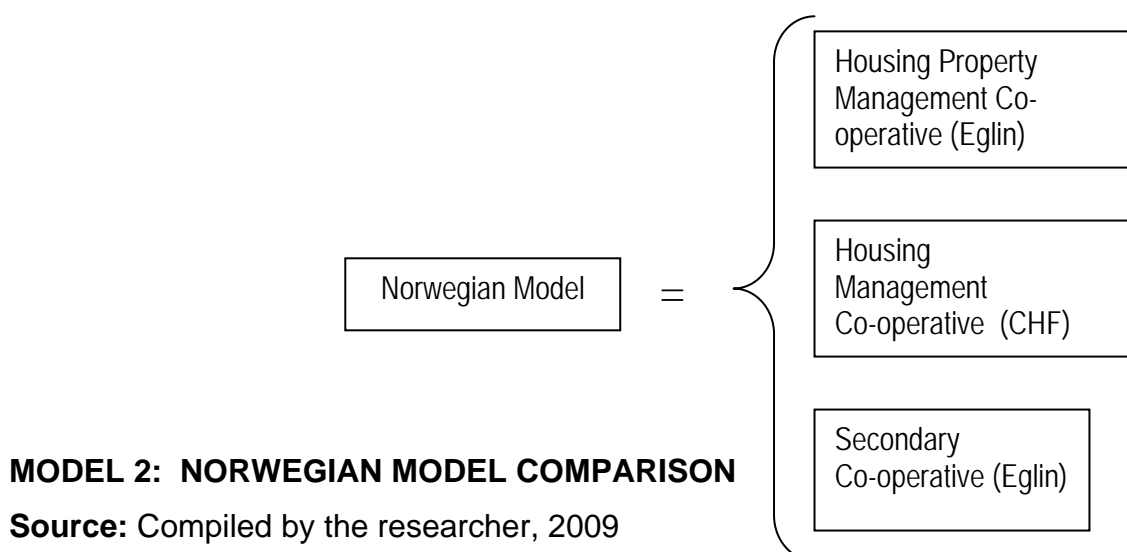
The equity co-operative model is based on a building co-operative which with holds a percentage of shares in the building as well as selling shares in the building and land to occupants based on the size of the occupying unit. The building and land are owned collectively. This model is used in Canada mainly to bypass the Canadian's Government's rule on not allowing conversion of an existing building to a condominium and to avoid the expense and difficulty in doing so.

The Occupant Run Co-operative Model provides all the privileges of private ownership except the right to make money for first time property owners and are completely controlled and managed by the occupants.

The Canadian Government recognised housing co-operatives and formed the Canada Mortgage and Housing Co-operation in the 1970's. Through this agency they encourage resource groups to contract with co-operatives and assist in the supervision of Boards of Directors of Housing Co-operatives, educate occupants in their rights and obligations and assist with initial policies and procedures (Most Clearing House, undated).

Subsidising of housing co-operatives was also part of the Canadian Government's aid. The Federal Government provides loan assistance to co-operatives if 15 to 20 per cent of occupants are low-income families. Families would voluntarily provide confidential information about their gross income and their monthly installments are calculated on their monthly income. If the monthly installment is less than the market related monthly installment, the Government subsidises the shortfall. This brought along mixed income families living side-by-side and many a time leads to financial security for low-income families.

The **Norwegian Model** (See Model 2) is a Mother and Daughter Model – two organisational levels with a management company providing long term management services to the co-operative – this model compares with Eglin's ***Housing Property Management Co-operatives*** and the CHF's ***Housing Management Co-operative***.



Many different models exist in the United States. The Boulder Housing Coalition was founded in 1995 and has developed a Limited Equity Co-operative Model. This model was established to assist low to middle income residents of the City of Boulder in their housing needs. They use three main models for Limited Equity Co-operative Development, namely the Slovo Model, the Limited Equity Co-operative (using the Down Payment Assistance model) and the Limited Equity Co-operative using a Community Land Trust (Boulder Housing Coalition, undated).

The Slovo Model differentiates between Initial Investors and Renters. Initially 9 low-income families collectively bought a house and paid the deposit after which each resident received a share. The share was based on the percentage of the deposit paid by each of the residents. Over time the original families left and rented out their units. Initial investors received voting rights on financial decisions which renters did not have. Initial investors could sell their share at a market value determined by the amount they paid initially and the value of the unit. Renters who lived in the unit for one year could also earn equity which was based on the percentage of the mortgage they helped to pay and the increased value of the unit. This model makes it possible for low income families to enter the formal housing sector and own their own home (Boulder Housing Coalition, undated).

The Limited Equity Co-operative using the Down Payment Assistance Model is based on the fact that it is too difficult for low-income individuals to save enough money for a deposit. The City of Boulder has city programmes to assist first time home owners with deposits. This model uses these programmes to make it easier for first time buyers. A group of people forms a co-operative and collectively buys a home where each qualifies for a first time home owner's "subsidy". All members put their "subsidies" together and use it for the deposit. The group as a whole may not receive more than 30 per cent of the value of the home they have selected; the rest of the money is used as a reserve for maintenance. When a member leaves, a maximum of 3.5 per cent profit may be added to the share price making it always affordable for new co-operative members.

The Limited Equity Co-operative, using a Community Land Trust Model, is based on developing a Community Land Trust. This model works exactly as the Mother and Daughter Model (Norway) where the Land Trust owns the land and leases it to the co-operative.

In Sweden, the housing co-operative model is based on a “Tenant Ownership System”. It was designed to be a system of “equity housing in which capital share and right of disposal dominated collective elements” (International Co-operative Association, undated). Although members of the public can register co-operatives independently, the HSB (Tenant’s Savings and Building Societies, also the largest developer and provider of housing co-operatives in Sweden) is responsible for most of the co-operative tenure available. The HSB consists of the National HSB Federation which acts as a lobbying activist; the HSB Regional Societies whose main responsibility is to recruit new members and construct new houses; and the Member operated Tenant Owners Co-operatives who are responsible for the management of existing houses and housing areas. The Ricksbyggen (The Co-operative Building Organisation of the Swedish Trade Unions) consists of The National Owner Co-operative and The Local Tenant Owner Co-operative. This is an example of where the Secondary Housing Co-operatives facilitating the development of Primary Housing Co-operatives. Members are completely responsible for the upkeep and maintenance of their houses. The co-operative is responsible for the maintenance of common areas and utilities. This can be compared to Sectional Title; the only difference is that individuals do not have title deeds to their properties (Dalholm, 2006).

Compared to Hong Kong, there are a lot of similarities to the shared equity housing co-operative system where individual co-operative members own the equity of the unit. Units can be sold to civil servant for any price. The outgoing member will nominate a civil servant as the incoming member and does not have to disclose the selling price. The co-operative will pay the outgoing member his/her original capital cost which was invested and the new incoming member takes the outgoing member’s place as co-operative member (Yip, 2006).

2.6 Conclusion

The co-operative principle is one of the oldest forms of working together to achieve a common goal – whether the goal is to buy goods at a discounted rate or working together in an attempt to save money to sell produce at a centralised market.

Although housing co-operatives were established in 1861 by the Rochdale Pioneers and implemented throughout Europe and the United States, the first co-operative movement in Africa was only established in 1914. Tanzania followed in 1930 and Kenya in 1940. Successful housing co-operatives are well established in the developing world with Uruguay, India and the Philippines showing a history of effective implementation of housing co-operative principles and policies.

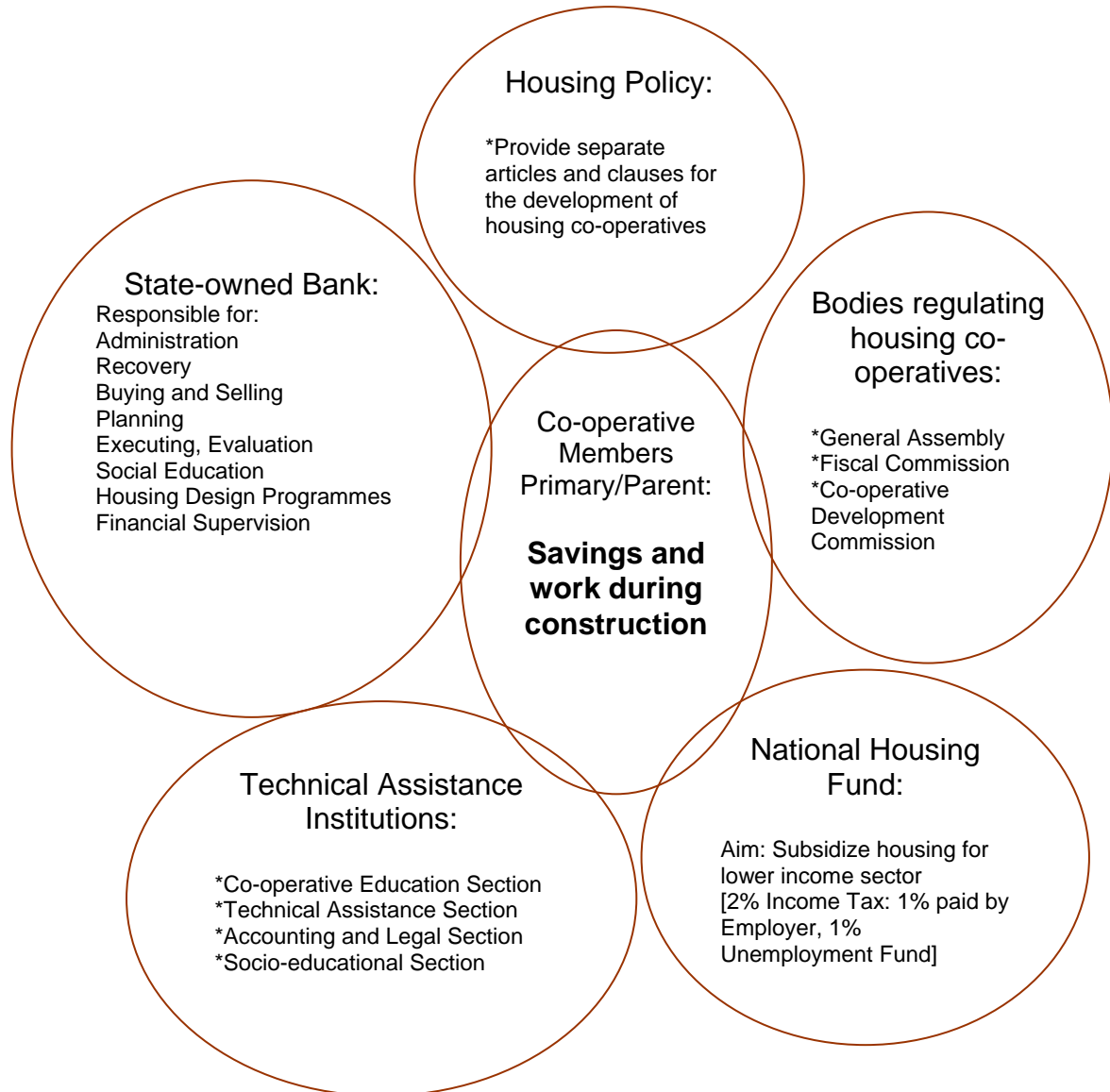
South Africa, however only implemented the Co-operative Act (RSA, No 14 of 2005) differentiating between three different forms of co-operatives namely primary-, secondary- and tertiary co-operatives based on the Canadian-, Norwegian- and Swedish model. No exact term could be found in the industry for specific co-operative models. The Canadian model can be described by five different terms by different organisations. The same applies to the Norwegian model.

South Africa, as part of its Social Housing Development Programme has received technical advice from mainly Norway, Canada and Sweden. Therefore most housing co-operatives are modulated on these systems.

Chapter three explores the development of the co-operative sector in South Africa with specific reference to housing co-operatives, legislation, status of housing co-operatives and the different models implemented in the South African housing sector.

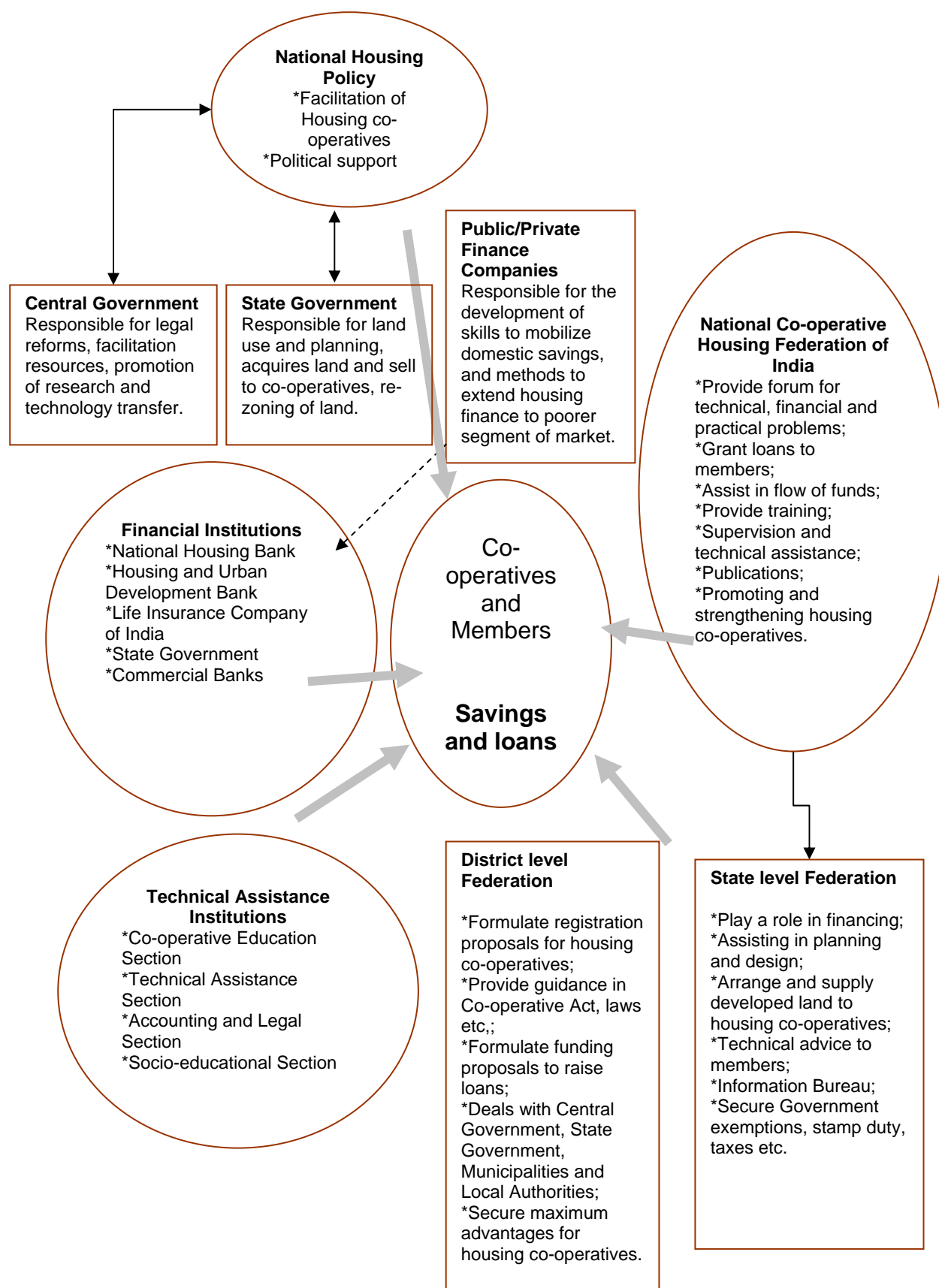
MODEL 3: URUGUAY MODEL

SOURCE: Compiled by the researcher, 2009



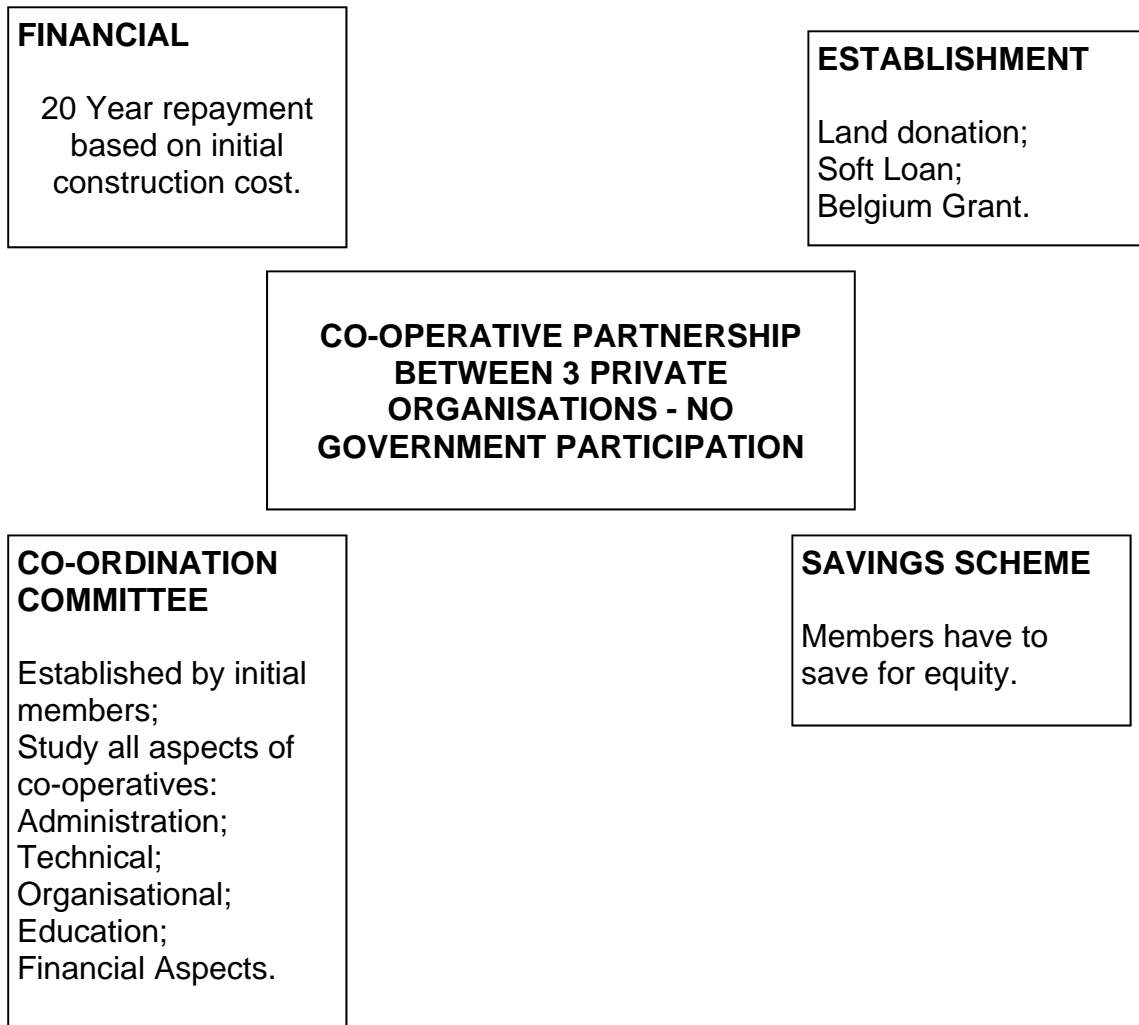
MODEL 4: INDIA MODEL

SOURCE: Compiled by the researcher, 2009



MODEL 5: PHILIPPINES MODEL: SLU-SVP

SOURCE: Compiled by the researcher, 2009



CHAPTER THREE

HOUSING CO-OPERATIVES: SOUTH AFRICA

3.1 Introduction

Housing co-operatives are relatively new in South Africa in comparison with agricultural sector co-operatives. Ximiya (2004) stated that South African co-operatives were founded after the Anglo Boer War in 1902, but did not succeed. According to Ortmann and King (2007:41) the first co-operative (consumer co-operative) in South Africa was formed in 1892 under the Companies Act (Act No. 61 of 1973). White farmers organised themselves to market their products and procured seed, fertiliser and livestock. In 1910, black organisations started to promote co-operatives and between 1910 and 1930 the African Political Organisation set up several trading co-operatives, land banks, building and burial societies.

The Land Bank was formed in 1912 to assist white farmer co-operatives (Seda, 2008). In 1922 the Co-operative Societies Act (Act No. 28 of 1922) was passed, focusing mainly on agricultural activities. Legislation and implementing agencies supported the agricultural co-operatives. During 1920 and 1930 credit co-operatives were established in rural areas such as the Transkei. These were initiated by the Transkei Territorial General Council and the Catholic Church. The reason for the establishment of credit co-operatives and not marketing co-operatives was that the establishing of marketing co-operatives would face opposition from white marketing co-operatives and require high financial set-up costs. In the 1930's the ANC, the Industrial and Commercial Worker's Union and the South African Communist Union promoted co-operatives in urban areas. Co-operatives were given preference over trade unions to organise black people due to the low levels of education and skills of black people as well as the repressive laws at the time.

In 1937, the Agricultural Marketing Act (Act No. 26 of 1937) was passed which enable white farmers to benefit from a system of marketing their good at fixed prices and to control the marketing of agricultural products. The Government at the time gave the agricultural co-operatives lots of support which included enabling legislation, consultation, networking, availability of resources (credit, land, training), incentives, subsidies, advise

and access to markets (Ortmann & King, 2007). Marketing co-operatives were established to secure markets for their products and for selling goods at subsidised prices by the Government. Consumer co-operatives were established to help relieve poverty amongst poor whites.

In 1934 a Commission of Inquiry into Co-operatives and Agricultural Credit was commissioned and based on the findings, the Co-operative Societies Act of 1939 (Act No. 29 of 1939) was passed by the South African Parliament. This Act restricted the activities of co-operatives and credit could only for example be used for agricultural purposes and excluded marketing or buying of fertiliser (NCASA, undated). This Act also secured supply and marketing services (Ortmann & King, 2007). By 1948 plus minus 275 consumer co-operatives were established which were formed to improve the buying power of Afrikaner consumers through the co-operative movement. Many failed and others were converted into private companies.

In 1939, William Mseleku returned to South Africa after studying at the Co-operative Union in England, and set up the Natal Bantu Co-operative Trading Society Limited and the Bantu Co-operative Credit Society which spread through Natal with branches in 45 magisterial districts. To assist the co-operatives, he set up a network of structures and a range of organisations (NCASA: undated). Two types of co-operatives were set up amongst township residents: co-operatives to buy food and stock items in bulk to be resold and a co-operative loan bank. By 1950 most of these co-operatives have failed.

In an attempt to make the South African then called “homelands” viable economic units, the Government started to promote co-operatives in the homelands and Trust Farms in 1950. These were all attempts to lead the homeland residents to accept the homeland system and their independence. This was met with great resistance as the people felt it gave the state control over their lives and added additional restrictions on the availability and use of land (NCASA: undated).

In the 1970's organisations were formed to promote self-help projects which later transformed into co-operatives. The late 1970's democratic movement gave way for the first consumer co-operatives in black communities.

By 1981 the South African Government repealed the Co-operative Societies Act (Act No. 29 of 1939) and passed the South African Co-operatives Act (Act No. 91 of 1981) which made provision for trading co-operatives. This Act was amended at least eight times (Ortmann & King, 2007). In comparison with other forms of co-operatives, housing co-operatives had a very slow start in South Africa.

3.2 Historical background of housing co-operatives in South Africa

In the early 1990's Cope Housing Association in Johannesburg, an intermediary non-Governmental organisation (NGO), pioneered co-operative housing with the support from the Norwegian Government. NORAD² and Rooftops Canada both supported Cope. Cope has facilitated the development of approximately 1 000 housing units and spearheaded the development of statutes for the housing co-operative sector. Cope Housing Association had seven co-operatives in the Johannesburg inner city, namely Newton, Troyeville, Bertrams, Tswelopele, Everest Court, Philani Ma-Africa and Hadar Court. At the end of May, 2005 Cope closed down. Residents of the seven co-operatives blamed the closure on their fear of eviction, poor management and the negligent use of donor funds. Cope stated that the closure was a result of resident's non-payment of services and the Norwegian Government's funding contract was ended in June, 2005 (Social Housing Foundation, 2005b).

The Newtown Housing Co-operative was the first housing project in Gauteng to be registered under the Co-operatives Act No. 91 of 1981. The project was completed and fully occupied by 2000.

The South African participatory co-operative development policy was initiated in 1997 with the establishment of a Co-operative Policy Task Team which involved the main stakeholders in South Africa's co-operative development at the time. This was followed by the establishment of a task force by the Co-operative Development Unit of the DTI who initially dealt with the process of transferring the responsibility for co-operative

² The Norwegian Agency for Development Cooperation is a directorate under the Ministry of Foreign Affairs. NORAD channels funds through Norwegian non-Government organisations, which are important partners in the Norwegian Development Cooperation.

development from the National Department of Agriculture to the DTI (Department of Trade and Industry, 2004).

In 1997, the term “social housing” was used in South Africa to describe a broad range of housing delivery and management mechanisms, aimed at housing the lower income sector of the market. All these mechanisms were based on the fact that low income housing will be subsidised using the institutional subsidy available from the National Housing Scheme (Moss, 2003). The institutional subsidy allows for both profit and non-profit companies to access institutional subsidies for the purpose of providing housing on a collective basis to beneficiaries of the housing capital subsidy scheme. Ilinge Labahlali Housing Co-operative would later also make use of the institutional subsidy to provide housing for their members. The National Co-operative Association of South Africa (NCASA) was established the same year with the purpose of bringing together South African co-operatives under one apex body. NCASA is part of the International movement of co-operatives under the banner of the International Co-operative Alliance (ICA, 2001).

During 1998 the Green Paper on Social Housing stated that “Social Housing represents an important opportunity to achieve both the objectives of housing delivery and urban regeneration”. With the establishment of the Social Housing Foundation the previous year, USAID entered into a Co-operative agreement for \$500 000 (R2 750 000,00 equivalent) with the SHF whereby the SHF agreed to make R500 000,00 available as counterpart funding, bringing the total programme value to R3 250 000,00 to assist Social Housing Institutions. One of the grantees was the East London Housing Management Co-operative (USAID, 2004). Co-operative housing was seen as the new brain child to alleviate the housing crisis in South Africa, using the “ubuntu” concept as main principle to provide in the housing need of South Africans.

In order for the co-operative movement and sector in South Africa to develop, the Co-operative and Policy Alternative Centre (COPAC, undated) was established as a non-profit organisation as an association governed by a constitution with a governing committee. COPAC was established in 1999 to also promote alternatives which will meet the needs of workers, the poor, women and the youth. It started out to contribute, through a bottom up practice, to reconstruction and development in post-apartheid South Africa. As the housing co-operative concept was promoted in South Africa, CHF, South Africa (Co-

operative Housing Foundation) was established to assist the South African Government with developing a diversified housing delivery system. CHF, South Africa is part of CHF International which was established as the Foundation for Co-operative Housing in 1952, a non-profit corporation seeking to help low- and moderate income families in rural America. CHF South Africa opened a presentation office in Port Elizabeth and has been involved in South Africa since 1993. They support the development of co-operative housing and other similar approaches to private sector development of affordable housing. (CHF International Africa, 2004).

The first housing co-operative (not housing association) was formed in 2000. The East London Housing Management Co-operative (ELHMC) was formed under the auspices of Afesis-Corplan and consisted of persons who wished to obtain houses but preferred to occupy the units as a co-operative rather than private ownership. Initially they received strong support from the East London TLC (Transitional Local Council) which granted them land, but since December 2000, the newly elected Buffalo City Municipality has been less supportive.

It was agreed that the ELHMC would be the developer and once houses were completed, each group of between 18 and 36 units would form a co-operative of its own for management purposes, thus removing the responsibility for maintenance and cost recovery from the mother co-operative. There are nine such co-operatives. Each co-operative owns the units under its control, but members may take ownership after 4 years, provided that they pay the conveyance fees and provided that two thirds of the membership agree to permit it. The local co-operatives are responsible for paying the rates while individual members (occupants) are responsible for municipal service charges (Eglin, 2007).

The Social Housing Foundation realised in 2000 that the housing co-operative sector in South Africa lacked support and began discussions with the Norwegian Government and NORAD. In 2001 the SHF undertook a study together with a consultant of the NBBL (The Norwegian Federation of Co-operative Housing Associations) to determine the status of South Africa's housing co-operative sector and to gain insight into the nature of support required for its growth and development.

The Support Programme for Social Housing (SPSH) was launched in the same year as a joint programme of the Commission of the European Community and the National Department of Housing. From 2000 – 2007 the SPSH provided grant funding of 20.7 million Euros to support the development of Social Housing Institutions across the country. (These included housing co-operatives).

The need for the development of a Housing Co-operative Bill became imminent and in 2002 the Housing Co-operative Policy Working Group was formed by the Social Housing Foundation. The Social Housing Foundation signed an agreement of co-operation with NORAD and the National Department of Housing to contribute to develop the housing co-operative sector in South Africa through a programme called “Development of the co-operative housing sector in South Africa”. In the same year the National Association of Social Housing Organisations (NASHO) was launched by the previous Minister of Housing (Sankie Mthembu-Mahanyele) to promote the social housing sector, to build capacity and to develop programmes to further the interests of the sector. NORAD provided a further R9 million together with R3 million from the SHF to develop the co-operative housing sector in South Africa.

Both Rooftops Canada and CHF South Africa limited their contribution to housing co-operatives in South Africa by providing only human resources for the establishment of co-operatives and the formation of the South African Co-operative Association (SAHCA).

A memorandum of understanding was signed between the SHF, the Western Cape Provincial Government and Unicity, Cape Town in May 2003. A central issue which emerged in discussion before the memorandum of understanding was signed, was the integration of the co-operative housing concept in the Unicity’s plans for the establishment of a Housing Management Support Organisation. This memorandum of understanding benefited Ilange Labahlali Housing Co-operative whereby Unicity, Cape Town supported the establishment of the housing co-operative and provided valuable input to the grass root housing co-operative.

Recognising the importance of housing co-operatives as a vehicle to housing in South Africa, the responsibility for co-operatives in Government was transferred in July 2003

from the Department of Agriculture to the Department of Trade and Industry, where a Co-operative Enterprise Development Division has been established (Philips, 2003).

In 2004 President Thabo Mbeki announced that the Co-operative Bill would be passed before the end of the 2004/2005 financial year and that a strategy to extend support to co-operative enterprises would also be submitted to parliament for consideration. The Department of Trade and Industry developed a special unit specifically focusing on co-operatives, but not on housing co-operatives. It is the view of the researcher that because there is not a specific unit for housing co-operatives, most housing co-operatives in South Africa failed or are non-functional.

In May 2004 the South African Housing Co-operative Association (SAHCA) was established. Although the aim of SAHCA was to unite, represent and serve its members as an advocate and promoter of co-operative interests, the researcher has found that SAHCA does not accommodate the existence of Housing Management Companies i.e. the Mother and Daughter Model. By identifying SAHCA as the primary recipient of SHF support, the SHF undermined the focus of the Norwegian Programme for the development of the housing co-operative sector which was focused on the two tiered co-operative model. SAHCA does not represent all primary housing co-operatives as some have resisted inclusion. An exclusive focus on SAHCA therefore undermines the SHF's capacity to engage with other bodies not represented.

On the 2nd of September 2004, the Government linked social housing for the first time to urban renewal through the publishing of a new housing policy entitled "Breaking new ground – a comprehensive plan for the development of sustainable human settlements". The new bill made provision for social housing to take various forms and stated that social housing typologies be conceptualized broadly to ensure the inclusion of all income groups. It therefore included co-operative housing, transitional housing and communal housing (DOH, 2004).

At the same time the SHF stopped convening the Policy Working Group which were originally created to exchange knowledge between Housing Management Companies, co-operatives and relevant interested parties due to fear of duplicating SAHCA's efforts. This left Cope Housing Association and Afesis Corplan (responsible for the establishment of the

East London Housing Management Co-operative) with no other body as they are not given the same audience in SAHCA. In the researcher's opinion, this was the beginning of the failure of housing co-operatives in South Africa.

In 2005 Rooftops Canada ended their representation at the Social Housing Foundation. This also brought an end to technical support to grass root housing co-operatives in South Africa. The Department of Trade and Industry however launched the Co-operative Incentive Scheme (CIS) on 19 January 2005. This was aimed to reinforce the initiatives of Government toward the development of co-operatives as a viable form of enterprise in South Africa. The incentive scheme targeted registered co-operatives operating in the emerging economy and were to operate for a period of five years, starting from the 2005/6 financial year.

A co-operative was eligible for a total grant not exceeding R300 000,00. The grant was aimed specifically at co-operatives who have taken the task of creating productive employment, overcoming poverty and achieves social integration. The researcher has applied on behalf of Kloof Domestic Workers Housing Co-operative and Ilinge Labahlali Housing Co-operative for the establishment grant in 2007. Even though all documentation was completed and hand delivered to the Department of Trade and Industry Office, no correspondence was ever received. After numerous phone calls and faxes sent to the Department, the researcher was told that the documentation was lost. The researcher was also informed that all grants were put on hold until further notification due to fraudulent pay outs.

In 2005 the Co-operatives Act No. 14 of 2005 was passed and allowed for the registration of primary- and secondary co-operatives. Housing co-operatives enjoyed protection for the first time.

In 2008 the role of development housing co-operatives was diminished as development housing co-operatives do not fall under the social housing sector, even though social housing must accommodate a range of housing product designs (e.g. multi-level apartments, hostels and room accommodation) and tenure options (e.g. rental, co-operative housing and rent to buy) to meet spatial and affordability requirements (Hopkins, 2006). The social rental housing sector received a broader definition than purely just

social housing and therefore the development of the National Housing Policy Guidelines was translated into rental projects on the ground (DOH, 2008a). In the case of a housing co-operative such as Ilinge Labahlali, this leaves them without any support from the bodies which were originally established to support and assist housing co-operatives at grass root level. A detailed time line of the development of housing co-operatives are summarized in Table 3.1: Time line of housing co-operative developments.

TABLE 3.1: TIME LINE OF HOUSING CO-OPERATIVE DEVELOPMENT

Year	Establishment	Aim
Mid 1990	Cope Housing Association	The development of approximately 1000 units and spearheading the development of statutes for the housing co-operative sector.
1997	Newtown Housing Co-operative	The first housing co-operative in Gauteng, registered under the Co-operatives Act (RSA, 1981).
1997	Co-operative Policy Task Team	The South African participatory co-operative development policy.
1997	Co-operative Development Unit Task Force of the DTI	Transferring the responsibility of co-operative development from the Department of Agriculture.
1997	Social Housing Foundation	Mandated by the National Department of Housing to develop and build capacity for Social Housing Institutions and to develop a policy framework for the social housing sector through the Housing Amendment Act No. 20 of 1999. It is also been mandated by the National Department of Housing to be the Interim Social Housing Programmeme in the absence of the Social Housing Regulatory Authority (SHRA) (DOH, 2008a).

1997	The term “Social Housing” to describe a broad range of housing delivery and management mechanisms	The institutional subsidy is made available to Social Housing Institutions to promote, support and assist the integrated process of sustainable social housing development in South Africa .
1997	National Co-operative Association of South Africa	To promote the concept and practice of co-operation and contribute to the organisation of the significant areas of the economy and society around co-operative values and principles, thus building a co-operative sector in South Africa.
May 1998	Green Paper on Social Housing	Social Housing represents an important opportunity to achieve both the objectives of housing delivery and urban regeneration.
4/12/1998	USAID	USAID entered into a co-operative agreement with the SHF to fund and assist Social Housing Institutions.
1999	Co-operative and Policy Alternative Centre	To develop the co-operative movement and sector in South Africa and the promotion of alternatives that meet the needs of workers, the poor, women and youth.
1999	Co-operative Housing Foundation, South Africa	Assisting the South African Government with developing a diversified housing delivery system, supported the development of co-operative housing and other similar approaches to private sector development of affordable housing.
2000	East London Housing Management Co-operative	To provide housing to persons through co-operative tenure rather than to go the

		private ownership route.
2000	SHF, Norwegian Government and NORAD	Request funding for assistance and support in addressing the needs of the housing co-operative sector in South Africa.
2000	Support Programme for Social Housing (SPSH)	Joint programme of the Commission of the European Community and the National Department of Housing. To provide grant funding to support the development of Social Housing Institutions country wide.
2001	SHF and NBBL (The Norwegian Federation of Co-operative Housing Associations)	To determine the status of South Africa's housing co-operative sector and to gain insight into the nature of support required for its growth and development.
2002	Housing Co-operative Policy Working Group (established by the SHF)	To finalise the statutes for housing co-operatives and commenting on the development of the Co-operatives Bill.
2002	SHF, NORAD, National Department of Housing	To contribute to develop the housing co-operative sector in South Africa through the programme called "Development of the co-operative housing sector in South Africa".
27/05/2002	National Association of Social Housing Organisations (NASHO)	To promote the social housing sector, to be the voice of the sector, to provide information on the activities in the sector, to build capacity and to develop programmes to further the interests of the sector. A National Executive Committee was put in place with regional representatives for 15 affiliates representing no less than 10 000 units under social housing ownership.

November 2002	The Co-operative Housing Sector in South Africa Programmeme	R12 million funding. To develop the co-operative housing sector in South Africa.
2003	Business Plan for the Co-operative Housing Sector in South Africa Programmeme	<p>Rooftops Canada and CHF's role is defined as to:</p> <p>Exploring the possibility of contributing financially to the programmeme and projects to be implemented; participate in local, provincial and international workshops, seminars and conferences; and participate in the mid-term and end of term programmeme evaluation.</p> <p>Rooftops Canada's contribution will be through human resource inputs and CHF's to formulate the SA Housing Co-operative Association (SAHCA).</p>
May 2003	SHF, Western Cape Provincial Government and Unicity	A memorandum of understanding is signed. A central issue which emerged in discussion before the memorandum was signed, was the integration of the co-operative housing concept in the Unicity's plans for the establishment of a Housing Management Support Organisation.
July 2003	Co-operative Enterprise Development Division (DTI division)	The Presidential Growth and Development Summit is held and endorsed special measures to support co-operatives. The responsibility for co-operatives in Government has been transferred from the Department of Agriculture to the Department of Trade and Industry (Philips, 2003).

August 2003	SHF and Unicity, Cape Town	No progress has been made in the interaction between Unicity and the SHF on the mutual involvement in the SHF housing co-operative programme nor have any plans by SHF to do so, emerged. Meanwhile other housing co-operatives have been established in Cape town.
October 2003	Uphalhla Housing Management Company (Newcastle, KwaZulu Natal)	To support the development and management of new housing stock with an emphasis on co-operative housing. The SHF provides a project manager and capacitating measures including workshops, exposure visits and mentoring activities. Rooftops Canada provided substantial monitoring and assisted in workshops and training. The NBBL provided full-time technical assistance for nine months. The Department of Housing, KwaZulu Natal agreed to allocate an Institutional Housing Subsidy and grant funding for capacity-building of the board and residents in Uphahla managed housing (Ruden & Rust, 2004). The Newcastle Municipality supports the housing company and appointed the Director of Housing as a board member. The vision of the company is that it shall establish seven housing co-operatives of a total of 12 000 units by the end of 2005 and manage a further 1 800 units by the end of 2007.

December 2003	Co-operative Housing Sector in South Africa Programmeme – Key Result Areas Review	The role of Cope Housing Association is de-emphasised, reference to the Cope Model was removed as well as the Cope Model. It seems if the overall vision of the programmeme to contribute towards the development of the housing co-operative sector in South Africa is overlooked.
January 2004	SHF and Cope	SHF and Cope signs a contract of co-operation with reference to the Norwegian Programmeme which were to be based on the Cope Model and Cope expertise were to be utilised to implement the Programmeme.
February 2004	Revised Business Plan for the Programmeme	Cope's role is again de-emphasised, focusing specifically on the provision of training on the to-be-established primary co-operatives. As these have not yet been established, the SHF argues that there has been no need to draw on Cope's expertise. Cope has remained until 2004 the only functioning housing management co-operative of its kind in South Africa.
April 2004	NCASA	Research shows that a meeting of primary housing co-operatives in December 2003, identified "a pressing need for a national network of primary housing co-operatives in a form of a federation that would be organised to provide services to its members and be operated according to the co-operative values and principles". It also shows that

		its members average income annually is about R1 600,00.
May 2004	South African Housing Co-operative Association	To represent an estimated thirty primary housing co-operatives across South Africa. To unite, represent and serve its members as an advocate and promoter of co-operative interests. To provide education and information to its members, offer opportunities for exchange and dissemination, provide advice services to housing co-operatives and their members, provide mediation and dispute resolution services, facilitate access to finance and land. To promote the application of the co-operative concept to housing in various ways.
21/05/2004	Government of South Africa	The Co-operative Bill to be passed before the end of the 2004/2005 year. A strategy to extend support to co-operative enterprises will be submitted to parliament for consideration.
May 2004	DTI Special Unit focusing on co-operatives	The DTI to develop a special unit which will specifically focused on co-operatives.
2/09/2004	Department of Housing	Published a new housing policy entitled "Breaking new ground – a comprehensive plan for the development of sustainable human settlements". The new housing policy outlines major shifts in housing policy, especially that of social housing. It links social housing strongly to urban renewal (DOH, 2004).
2004	SHF	Stopped convening the Policy Working Group due to fear that it duplicates SAHCA's efforts.

2005	Interim Social Housing Programmeme (ISHP)	Initiated by the Directorate of Social Housing and managed by the SHF. Funding for the ISHP was disbursed for 2006 and R110 million was made available for 2007. Restructuring Zones have been approved in 2007 for support, namely Cape Town, Ekuhuleni, Ethekewini, Nelson Mandela and the Tshwane Metropolitan areas and Buffalo City, Mangaung, Msunduzi as secondary cities. Four Provinces based on size of twons were also earmarked, namely Polokwane, Potchefstroom, Kimberley and Nelspruit. The interim subsidy from the National Department of Housing under the social housing programmeme will only apply in restructuring zone areas whereas the institutional subsidy was from Province and the rules and requirements have not been changed (DOH, 2006b; DOH, 2007).
2005	Rooftops Canada and SHF	Rooftops Canada ends its representation at the SHF.
2005	DTI	Identifies the promotion of co-operatives as one of its flagship projects for the year 2004/2005.
2005	Co-operative Incentive Scheme	To reinforce the initiatives of Government toward the development of co-operatives as a viable form of enterprise in South Africa.
2005	The Co-operatives Act No. 14 of 2005	To provide for the formation, registration of co-operatives, the establishment of a

		Co-operatives Advisory board, winding up of co-operatives and to provide for matters connected therewith.
2006	Development Action Group (DAG)	Repositioned itself to play a vital role in tackling the South African urban development challenges. Their work includes the formulation of new housing policies, land negotiation and acquisition, in-situ upgrades to housing and implementation of community housing development (DAG, 2006).
May 2008	SHF	Prepares the transition into the Social Housing Regulatory Authority (SHRA).
2008	SHF	The SHF launched a number of new plans, one of them was responding to the social rental housing sector which has a broader definition than purely social housing. This means that the development of the National Housing Policy guidelines would be translated into rental projects on the ground (DOH, 2008b).

SOURCE: Compiled by the researcher, 2009

Housing co-operatives only emerged during the mid 1990's in South Africa, making the development of this sector one of the most recent developments in the world. As found in Section 3.2, the housing co-operative market was not initiated by the South African Government, but through the establishment of a non-Governmental organisation with the support from the Norwegian Government and Rooftops Canada. Both organisations are still actively involved in promoting housing co-operatives world-wide.

It would appear that too many different organisations were established to promote housing co-operatives i.e. the establishment of COPAC, the Co-operative Housing Foundation in

South Africa and the Social Housing Foundation. Although organisations contributed to the establishment of the housing co-operative sector, the South African Government did not take the lead to promote housing co-operatives through the Department of Housing. In 2004 another body was formed (SAHCA) to unite and represent its members. This proved to fail as not all co-operatives were able to join SACHA as it did not accommodate all the different types of housing co-operatives.

The Co-operative Act and Incentive Scheme were insufficient to support and establish a sustainable South African housing co-operative sector. This can be described as a lack of involvement. Clearly the need exist for the development of policies to ensure that all tiers of Government are involved and supportive of housing co-operatives in South Africa.

3.3 Legal framework and policies influencing housing co-operatives

This study is based on primary housing co-operatives which use the co-operative vehicle to ensure housing for people and have the choice over a period of time to convert the co-operative to individual ownership. According to the Social Housing Act (Act No. 16 of 2008) social housing can be defined as a “rental or co-operative housing option for low to medium income households at a level of scale and built form which requires institutionalized management and which is provided by Social Housing Institutions or other delivery agents in approved projects in designated restructuring zones with the benefit of public funding as contemplated in this Act”.

Public funding in this case means the institutional subsidy or any other Government subsidy utilised for the creation of housing stock. A Social Housing Institution is defined as an “institution accredited or provisionally accredited which carries or intends to carry on the business of providing rental or co-operative housing options for low to medium income households (excluding individual ownership and a contract as defined under the Alienation of Land Act (Act No. 68 of 1981), on an affordable basis, ensuring quality and maximum benefits for residents and managing its housing stock over the long term”.

Social Housing is also responsible to secure tenure for residents belonging to Social Housing Institutions on the basis of general provisions governing the relationship between

primary housing co-operatives and its members as set out in the Co-operative Act (Act No. 14 of 2005).

In 2002, CHF International stated that co-operative members will not be able to own their units unless the co-operative is dissolved and the property is sectionalised or the co-operative pays the mortgage (if any) in full. An independent housing co-operative is identified as a housing co-operative model which is formed on the basis of the co-operative on behalf of its members, performing housing delivery and is purely for mutual self-help purposes and the advantages of bulk purchasing. Once the units are completed, families take individual ownership of their houses, but during the building of the houses all the principles of housing co-operatives are maintained and for the mutual benefit of all members. In this case the collective feature is in the delivery of housing rather than collective ownership. In South Africa, housing co-operatives can use this option, but will not reap the benefits of the provisions in the Social Housing Act (RSA, 2008) as this excludes immediate ownership. Even if a primary housing co-operative is registered under the Co-operative Act (RSA, 2005), sectionalising is a complex matter and financially not viable for residents who are already under financial strain and who chose the co-operative vehicle to save costs. The researcher recommends that the Primary Independent Housing Co-operative Model be used in more affluent communities or young professionals starting their first jobs.

It is possible for the co-operatives to state in their constitution that co-operative owns the units under their control, should the land be already sectionalised, stands are adjacent and the co-operative acquires the land in bulk. Members may buy their units after four years, provided that payment of the conveyance costs are secured and provided that two thirds of the membership agree to permit it (the Amalinda Housing Co-operative has used this model in East London).

For low income families, the Housing Co-operative Model can be used for a long term solution to their housing needs and once their financial position have stabilized, they can sell their share in the housing co-operative and use it as a deposit on a home of their own.

In 2004 the Government stated in the Co-operative Development Policy that the following would be established to assist the co-operative movement in South Africa: (These are applicable to all co-operatives and therefore also include housing co-operatives)

Create a favourable, legal, economic, administrative and institutional environment

A clear, legal definition of a genuine co-operative enterprise will be formulated; reforming the co-operatives administration; ensuring that the legal framework does not hinder the development and growth of co-operatives; making a clear distinction between technical support services to co-operatives and the regulatory functions of the state; facilitating the formation of co-operatives encouraging self-help; allowing co-operatives to set up their own support service institutions; coordinating and orienting external assistance to co-operatives and self-help groups; and that Government will intervene through designing supply and demand sides support measures to grow the co-operative sector and utilizing existing institutions and available programmes. These will also include efforts to ensure that co-operatives access markets, Government and private sector contracts. The legislation will allow decentralisation of the registration processes through the appointment of deputy registrars for purposes of accessibility.

Establish an enabling framework for the promotion of co-operatives through legislation

The above mentioned allows registration and de-registration of co-operatives as well as the legal supervision of the compliance of laws and regulations by co-operatives. It also mandates the Minister of Trade and Industry to establish a Co-operative Advisory Board.

Establish a Co-operatives Development Fund

Through the establishment of a Co-operatives Development Fund, technical assistance and capacity-building will be addressed. It will also design special incentives and support measures for co-operatives; align all the Council of Trade and Industry Institutions (COTTI) programmes and other DTI programmes to give financial and non-financial support to co-operatives. These support structures will be provided through the establishment of a specialised unit.

Provide access to infrastructure through incubation programmes

Provide access to tax incentives (the same which is available for small and medium size enterprises)

Provide preferential procurement as an effective instrument to promote co-operatives in the South African economy

Increase the levels of preference to black-owned and black-empowered co-operatives

Establish a Co-operative Enterprise Development Unit

The Co-operative Enterprise Development Unit will be responsible for the following: Co-operative Legislative Framework, policy and strategy; coordination of the various Government departments dealing with co-operatives, coordination of donor initiatives; Education and Training: designing uniform training materials for the co-operative sector involving relevant Government programmes; Promotion: Provision and management of co-operative support services, the management of incentives, the collection, analysis and dissemination of statistics, facilitation to access to markets, credit and the promotion of the concept- and practice of co-operatives; Registration and de-registration of co-operatives through the Companies and Intellectual Property Registration Office (CIPRO); and a Regulatory Function: The Consumer and Credit Regulatory Section of the DTI will be responsible for the legal supervision and the compliance of laws and regulations by co-operatives (DTI, 2004).

Government will also link the co-operative development policy to other Government policies and programmes. The DTI will facilitate support from other Government departments to support co-operative development. Six strategies have been identified to support the co-operative development policy, namely:

Broad-based black economic empowerment strategy (BBBEE)

The BBBEE strategy will encourage and support efforts by co-operatives who support broad based empowerment models such as ESOP's (Employee Stock Ownership Plan), community trusts/groups, worker co-operatives, stokvels and burial societies.

Small and medium enterprise strategy

All Government support programmes for small and medium enterprises, as detailed in the integrated Small Business Strategy, shall be extended to co-operatives.

Integrated Manufacturing Strategy

This strategy, even though for all types and forms of co-operatives, are in particular for worker- and consumer co-operatives.

Local economic development (LED) and integrated sustainable rural development

Local Governments play an integral role in supporting co-operative development and providing an economic viable environment at grass roots level. Co-operatives can benefit through existing programmes such as the Integrated Sustainable Rural Development Strategy and LED strategy.

Skills Development Strategy

The DTI will facilitate and support co-operatives by providing access to CETA's and learning programmes.

Other Government policies

Policy alignment and incorporation of co-operatives across Government (especially macro-economic policies) will increase growth in co-operatives and will benefit a targeted sector of society (DTI, 2004).

Together with the DTI, there are a host of Government linked institutions with mandates to support the development of co-operatives. This includes: Umsombomvu Youth Fund, the

National Development Agency (NDA), the Micro Agricultural Finance Scheme of South Africa (MAFISA) and the South African Micro-finance Apex Fund (SAMAF) (Satgar 2007: 13).

SAHCA was formed in 2004. According to Satgar (2007) the South African Housing Co-operative Association has 50 housing co-operatives affiliated to it with 12 500 members. The latest figures as supplied by the DTI in 2008 indicated that 50 of the housing co-operatives on the list of 60 housing co-operatives are affiliated). In 2007, SAHCA was in the process of building its support services for co-operatives. A database was developed, various levels of Government were consulted and SACHA engaged with the Government on the Housing Co-operatives Bill.

Housing co-operatives are regulated through the following legislation and legal framework:

3.3.1 The Housing Act of 1997 (Act No. 107 of 1997)

The main principles of the Housing Act (Act No. 107 of 1997) are the prioritisation of the housing needs of the poor, housing development through a wide choice of housing and tenure options, economically, fiscally, socially and financially affordable and sustainable, based on integrated development planning, environmentally friendly, transparent, accountable and equitable based on good governance principles, supported and encouraged by Government including co-operatives, associations, community-based bodies in fulfilling housing needs ensuring skills transfer and community empowerment etc.

The Act (Act No. 107 of 1997) binds the three spheres of Government in respect of housing development. National Government's role is to establish and facilitate a sustainable national housing development process and determine national housing policy. Provincial Government must ensure and create an enabling environment to promote and facilitate the provision of adequate housing in Provinces within the framework of the national housing policy. Local authorities (municipalities) must actively pursue the development of housing, addressing issues of land, services, infrastructure provision and create an

enabling environment for housing development (The Housing Act No. 107 of 1997).

3.3.2 The Development Facilitation Act of 1995 (Act No. 67 of 1995)

The Development Facilitation Act (Act No. 67 of 1995) provides guidelines on land development policy, administrative practice and laws. It stated that laws, procedures and administrative practices relating to land development should be clear and generally available, provide guidance and information and promote trust and acceptance.

These are stipulated as follows:

1. Provision for a range of urban and rural settlement types;
2. Promote sustainable environment protection;
3. Discourage illegal occupation of land while recognizing informal land development processes;
4. Encourage partnerships to maximize capacity to facilitate land development;
5. Promote efficient and integrated land development;
6. Promote the establishment of viable communities;
7. Meet basic needs in an affordable way;
8. Consider geological formations and hazardous undermined areas;
9. Promote sustainable land development at the required scale;
10. Promote speedy land development;
11. Ensure community participation in land development;
12. Develop skills and capacities of disadvantaged people during land development;
13. Evaluate each land development area on its own merits;
14. Ensure security of tenure and choice to provide for the widest possible range of tenure alternatives, including individual and communal tenure.

3.3.3 The Social Housing Act of 2008 (Act No. 16 of 2008)

The Social Housing Act (Act No. 16 of 2008) makes provision for co-operative housing in that the term “social housing” is defined as a rental or co-operative housing option in approved projects in designated restructuring zones.

Restructuring zones are used as an instrument to restructure South African inner cities which were facing degeneration in 2003. The reasons for creating restructuring zones were that inner city accommodation was not safe for employees of companies or company assets. Many of the central business districts were left to the poorer and/or informal elements of the economy and became sanctuaries for migrants and slum landlords (Department of Housing, 2006b; Social Housing Foundation, 2008).

By the end of 2003, the National Treasury had developed an amendment to the Income Tax Act No. 58 of 1962, which allow tax incentives within the specific restructuring zones in South Africa.

The restructuring zones are linked to interventions in the land market to protect lower income people from displacement or to bring lower income people into economic areas and other forms of opportunities from which they would otherwise be excluded.

Smit (2005) identifies three main areas of restructuring with respect to social housing:

1. Spatial restructuring: Allowing low income families into major economic areas where these families would normally be excluded due to high land prices and minimum stand sizes. Indirect social housing would contribute to higher densities and compacting growth to ensure that poor families/individuals are not forced to live on the edge of cities;

2. Social restructuring: Promoting a mixture of different race groups and economic classes;
3. Economic restructuring: Promoting spatial access to economic opportunities and job creation through building medium density housing stock.

Regeneration or urban renewal zones can be described as buildings in poor areas which need renovation and investment. These are buildings in major cities which have been neglected and have economic potential (because they are close to employment) but generally are situated in areas from which poor people have been excluded. Restructuring zones usually coincide with economic opportunities and also exclude major townships as townships are almost never classified as restructuring zones. Restructuring zones are aligned with urban development zones linked with planning processes such as the National Spatial Development Framework, Provincial Growth and Development strategies, Provincial spatial development plans and Local Authorities (DAG, 2008).

A total of 13 provincial restructuring zones were identified in metropolitan areas: Cape Town (Western Cape Province), Ekurhuleni (former East Rand Municipality, Gauteng), Ethekwini (Durban, Kwazulu-Natal), Johannesburg (Gauteng), Nelson Mandela (Port Elizabeth, Eastern Cape), Tshwane (Pretoria, Gauteng) ; Secondary Cities: Buffalo City (East London, Eastern Cape), Mangaung (Bloemfontein, Free State), Msunduzi (Pietermaritzburg, Kwazulu-Natal); Polokwane (Pietersburg, Limpopo), Potchefstroom (North West), Kimberley (Northern Cape) and Nelspruit (Mpumalanga) as the four remaining Provinces which were based on the size of towns (Smit, 2005; Department of Housing, 2006a).

In the case where a housing co-operative does not want to dissolve immediately and would like to make use of the Government's subsidy, development of co-operatives can be considered in restructuring zones but also in other areas inclusive of rural or urban areas.

3.3.4 The Co-operatives Act of 2005 (Act No. 14 of 2005)

The Co-operatives Act (RSA, 2005) recognised the international co-operative principles and enable co-operatives to register and acquire legal status. It facilitates the provision of support programmes targeted for emerging co-operatives owned by women, black people, youth, disabled persons or persons in rural areas. Information specific to housing co-operatives is addressed in the schedule part 1 of the Act (2005). A housing co-operative is defined as a “primary co-operative which provides housing to its members, or a secondary co-operative that provides technical services to primary housing co-operatives”.

The Co-operatives Act (RSA, 2005) states that a primary co-operative complies with co-operative principles if membership is open to persons who can use the services of the co-operative and are able to accept the responsibilities of membership. Each member has one vote and members provide the capital required. The amount a member receives when he/she leaves the co-operative, is limited to the maximum percentage fixed in accordance with the constitution of the co-operative. At least 5 per cent of the surplus is set aside as a reserve in a reserve fund. The co-operative provides training and education to its members.

A minimum of five persons are required to apply for registration of a housing co-operative. The application must be accompanied by the constitution of the co-operative signed by the founder members, a list of the founder members, a list of the directors, the prescribed fee, minutes of a meeting held between the founders where a constitution of the proposed co-operative was adopted and the first directors were elected. The constitution of a primary housing co-operative must include: that its main objective is to provide housing for its members, the user agreement grants each member the right to occupy the housing units allocated to them and as long as they are members of the co-operative and that provision is made for the establishment of adequate reserves and the maintenance of adequate insurance to protect the co-operative from any loss.

If a primary housing co-operative member is in arrears, the membership can be terminated without a special resolution of the members. Membership can only be re-instated once arrears are paid in full. The Co-operatives Act (RSA, 2005) makes provision for co-operatives to convert into any other form of corporate or unincorporated body in accordance with the applicable legislation and cancel its registration as a co-operative. A co-operative can only apply for the conversion after a general meeting was held and it was adopted by special resolution.

The name of a housing co-operative must include the words “housing co-operative” or “housing co-op” as well as the word “limited” or “Ltd”.

The Co-operatives Act (RSA, 2005) came into operation on 2 May 2007 together with the approved Co-operatives Administrative Regulations under the said Act. Both the Proclamation for the commencement of the Act and the Government Notice containing the Co-operatives Administrative Regulations was published in the Government Gazette on 30 April 2007. Specific forms were developed for new co-operative registration which would culminate in a more streamlined operation in terms of record keeping and administration (CIPRO: 2008; 2009).

(The provisions of the Share Block Control Act (Act 59 of 1980) do not apply to housing co-operatives).

3.3.5 The National Housing Subsidy Scheme

Housing co-operatives can qualify for Governments Capital Housing Subsidy through the institutional subsidy. The Housing Code prescribes that the institutional subsidy is different from other subsidies as the subsidies are paid to the institution (co-operative) and not to the beneficiary. The beneficiary may not take immediate ownership for at least four years after the date of occupation. Legal entities who may apply for the institutional subsidy are:

- A company registered in terms of the Companies Act No. 61 of 1973;
- A company registered in terms of the Share Block Control Act No. 59 of 1980;

- A co-operative registered in terms of the Co-operative Act (Act No. 14 of 2005);
- An Association formed in terms of any legislation based on the Communal Property Associations Act No. 28 of 1996.

The institutional subsidy is available to housing co-operatives to enable them to create affordable housing stock for beneficiaries of the housing subsidy (may not earn more than R3500 per month). The subsidy is paid to the co-operative to provide subsidised housing on a deed of sale, rental or rent-to-buy option on condition that the beneficiaries may not be compelled to pay the full purchase price and take transfer within the first four years of receiving the subsidy. Co-operatives must invest their own resources as capital. Ilinge Labahlali Housing Co-operative used the institutional subsidy, which contributed to the success of the housing co-operative.

The consolidation subsidy is also available to housing co-operatives but it has been designed to assist people who already have received assistance through Government to acquire a serviced residential site under the pre-1994 housing scheme. This subsidy is applicable to serviced sites that were obtained on the basis of ownership, leasehold or deed of grant and must be used to construct or upgrade a top structure on the stand (DOH, undated). In this case the co-operative will only be used as the vehicle to achieve the goal of providing houses for its members and thereafter dissolve or establish another project.

The South African Housing subsidy amounts were amended in 2008 and the following amounts are available for the period 2008/2009 in respect of a 40m² house/unit:

TABLE 3.2: South African Government housing subsidies

Individual and Project Linked Subsidies	Top Structure Funding only	Own Contribution	Product Price
R0 – R1 500	R43 506.00	None	R43 506.00
R1 501 – R3 500	R41 027.00	R2 479,00	R43 506.00
Indigent: Aged, Disabled and Health Stricken R0 - R3 500	R43 506.00	None	R43 506.00
Institutional Subsidies			
R0 – R3 500	R41 027.00	Institution must add capital	At least R43 506.00
Consolidation Subsidies			
R0 – R1 500	R43 506.00	None	R43 506.00
R1 501 – R3 500	R41 027.00	R2 479,00	R43 506.00
Indigent: Aged, Disabled and Health Stricken R0 - R3 500	R43 506.00	None	R43 506.00
Rural Subsidies			
R0 – R3 500	R43 506.00	None	R43 506.00
People's Housing Process			
R0 – R3 500	R43 506.00	None	R43 506.00

Source: Department of Housing (2008)

TABLE 3.3: Housing subsidies available for housing co-operatives

Subsidy Type	Developer built	PHP	Ultimate tenure
Project linked subsidies	A developer (municipality, non-profit company, etc.) decides on the design and construction of the housing units. The beneficiaries are expected to save R2 479 to get access to a unit. The developer sells the house to the beneficiary for R0,00 if the house construction costs equals the subsidy amount. This is the most common form of subsidy type used in South Africa.	The people through their representative body decide on the design of the houses. Beneficiaries must provide some form of contribution (sweat equity). A support organisation is used to help the people arrange for the construction of the houses. Individuals do not have to save R2 479. (Sometimes developers changed to this, it is then referred to as “managed PHP”).	Individual ownership (Example Masisazame Housing Co-operative)
Institutional subsidies	The co-operative together with a developer/architect of their choice decides on the design of the house. Additional funds are usually required to add to the Government subsidy. The co-operative allocates the houses to individuals.	Similar to above, except that the property is owned by the co-operative and not sold to individuals immediately.	Co-operative tenure with an option to change to individual ownership after a period of time. (Example Ilinge Labahlali Housing Co-operative)
Ultimate decision-making authority	The developer	The people	

Source: Adapted by the researcher, 2009 from Eglin (2007)

Table 3.2 and 3.3 show that housing co-operatives can make use of project link subsidies as well as institutional subsidies. In both cases, the product price is regulated at R43 506,00 (excluding land). The difference between project linked subsidies and institutional subsidies is that project linked subsidies are not only linked to the specific projects, but also makes provision for three different categories, namely two different income groups (R0 – R1 500; R1 501 – R3500) as well as individuals who are elderly, disabled or have a health condition. Project linked subsidies also require the individual to contribute a minimum of R2 479,00 before a subsidy would be granted.

Institutional subsidy applicants are eligible to receive a subsidy of R41 027,00 with a minimum individual contribution/investment of R2 479,00 with a minimum price of R43 506,00 per unit. Individuals who earn between R1 501 and R3 500,00 will always need a savings amount of R2 479,00 to qualify for a Government housing subsidy.

Individuals who want to follow the housing co-operative route should therefore be encouraged to belong to a savings scheme in order for them to qualify for assistance from Government.

3.3.6 The People's Housing Process (PHP)

The People's Housing Process (PHP) was adopted by the Minister of Housing in 1998, focusing on urban- and rural areas using Government's housing subsidy to allow people to build their own homes. Government assists the PHP by providing subsidies, facilitate grants and funding housing support. It also provides training and technical assistance to families that own undeveloped, serviced stands and who want to access the housing subsidy to build their own homes. By contributing their labour rather than paying someone else to do the work, these families can then use their housing subsidy and personal contributions to build bigger or better houses for less money. The PHP aims to support households who wish to enhance their housing subsidies by building or organising the building of their own homes. This enables access to project linked-, project linked consolidation-, institutional- or rural subsidies as well as technical and other forms of assistance in the house building process (DAG, 2006).

The PHP is not a subsidy, but rather an agreement between a group of qualified people who use their combined resources (labour and savings) to secure their own homes. The PHP also provides education in terms of management and building which can be used to find employment after the housing project is completed (Cape Gateway, 2006).

In 2007, the NDOH established the People's Housing Partnership Trust (PHPT) to create the capacity to facilitate subsidy support for the PHP. The

PHPT's mandate is to capacitate National, Provincial and Local Government, and in Non-Governmental Organisations (NGOs), community-based organisations and civil society to participate in and support the PHP. The trust receives limited grant funding from the NDOH and raises revenue through grants from Provinces for PHP projects and related services.

The PHPT has five programmes namely Communication, Training, Research and Development, Technical Advisory Services and Corporate Services. It is funded by the United Nations Development Programme, the UN Centre for Human Settlement and the US Agency for International Development.

3.4 Status of housing co-operatives in South Africa

Data on South African co-operatives is kept by the Registrar of Co-operatives, located in the DTI. There are two data sets available to the public. The first is a national list of co-operatives which contains the names, contact details, names of executive officers and chairpersons, a classification based on type of co-operative and location of registered co-operatives and the second data set available is published in Volume (no. XV1) *Statistics of Co-operatives in South Africa* (Satgar, 2007). (Refer Section 1.4: Limitations of the study). The DTI (CIPRO, 2008) made different co-operative lists available to the researcher in electronic format:

- A.** A set of MS Word documents, consisting of 26 documents (Co-operatives A – Z: co-operatives divided alphabetically) which were co-operatives registered before the new Co-operative Act (Act 14 of 2005) was promulgated in 2007.

These documents were combined to determine the total of registered co-operatives in South Africa before 2 March 2007. The following must be noted:

- 1. Headings available from the lists received:
 - 1.1 Co-operative name
 - 1.2 Co-operative address
 - 1.3 Co-operative telephone number

- 1.4 Co-operative fax number
 - 1.5 Executive officer name
 - 1.6 Chairperson name
 - 1.7 Type
 - 1.8 Province
-
- 2. Where no category was indicated, the category listing “No type” was created;
 - 3. Where no Province was indicated, the address information was used to complete the Province information; where no address was available, the category listing “No Province” was created;
 - 4. All duplicated entries were checked, and deleted where necessary. Duplicated entries (co-operatives with the same names) in different Provinces were not deleted and is indicated as CSN’s (co-operatives with the same name) and is treated as a registered co-operative;
 - 5. Duplicated entries existed where all details were exactly the same, but the categories differed. In these cases both category types were combined, to form one category and indicated in brackets;
 - 6. Duplicated entries existed where all names and addresses differed, but the same Province was indicated. In this case, the premise was that details were amended later and that a duplicate was created, rather than to amend the existing entry. These entries were treated as duplications and the duplications were deleted;
 - 7. Many spelling errors appeared in these documents, certain members’ surnames and names could not be determined as well as different co-operative names. Where spelling errors could be detected, each entry was double checked to determine if certain co-operatives were duplicated.

- B** A set of MS Excel documents, consisting of registered co-operatives from 2 March 2007 until 16 June 2008 (A – M) and 2 May 2007 – 16 June 2008 (N – Z) (CIPRO, 2009);

These lists consisted of more detailed information. Provinces are indicated by codes, namely:

- 1 = Western Cape
- 2 = Eastern Cape
- 3 = Northern Cape
- 4 = Free State
- 5 = Kwazulu-Natal
- 6 = North West
- 7 = Gauteng
- 8 = Mpumalanga
- 9 = Limpopo

Primary, Secondary and Tertiary Co-operatives are also indicated under the heading “Codes” (24 = Primary Co-operatives; 25 = Secondary Co-operatives; 26 = Tertiary Co-operatives). A heading “Kind of Co-operative” also exists and replaced the “Type” category in the pre-2007 records. These are not linked to a one word or combined words type as in the pre- 2007 lists but rather more descriptive. Provision is made for email addresses. On these lists the headings “Chairman of co-operative” and “Chief Executive Officer of co-operatives” were omitted;

- C** A set of MS Excel documents, consisting of registered co-operatives from 17 June 2008 – 30 April 2009 (A – L; M1; M2; M3; N – R; S – Z) (CIPRO, 2009);

These documents were categorised exactly the same as document sets in 3 above.

- D** A set of MS Excel documents, consisting of registered co-operatives from 1 May 2009 – 30 August 2009 (A – M and N-Z) (CIPRO, 2009).

These documents were categorised exactly the same as documents sets in 3 above.

All the above documents were combined by the researcher to create one alphabetical document with all co-operatives listed. All duplications were checked and the following criteria were followed:

1. Co-operatives with the same co-operative name, same Province and same type of co-operative were treated as duplications;
2. Same name co-operatives indicated on the pre- 2007 lists which appeared on one of the lists after 2 March 2007, with the same Province, were treated as duplications and one of the duplications were deleted. The reason for this is that CIPRO is busy updating their lists and address changes were made. Most of these were found in the lists from 2 March 2007 – 16 June 2008;
3. Same name co-operatives indicated on the lists between 2 March 2007 and 31 August 2009, were double checked and exact duplications were deleted;
4. Same name co-operatives operating (addresses) in different Provinces, were not deleted and treated as separate co-operatives.

Based on the researcher's analysis, it is unclear how CIPRO approve co-operative registrations. The researcher found the following co-operative names confusing. It raises questions on the part of registered co-operative names.

1. Many different co-operatives have similar names with different spellings or nearly the same wording after the word. These were all treated as different co-operatives as Provinces differed in many cases. Where same name co-operatives were located in the same Province, the addresses were verified to ensure that these were not duplications. Examples of these are:

Lesedi Setjhaba and Lesedi Setshaba;

Masibambisane Construction, Catering, Trading Co-operative and Masibambisane Construction, Catering, Sewing, Trading Co-operative;
 Ngenangesihle Co-operative and Ngenangesihyle Co-operative;
 Phumbugqilini Co-operative and Phumbuqoilini Co-operative;
 Philani Bakery and Philani Bakery and Confectionary Co-operative
 Sekusile Farmers Co-operative and Sekusile Farming Co-operative and Sekusile Farming and Multi purpose Co-operative;
 Phumalanga Gardening and Poultry Co-operative and Phumalanga Gardening Co-operative and Phumalanga Gardening and Poultry Co-operative;
 Overcomers Co-operative and Overcome Co-operative;
 Nzumbululo Agricultural Co-operative and Nzumbululo Agriculture Co-operative;
 Siyawela Bricks & Agricultural Farming and Siyawela Bricks & Farming Co-operative;
 Sonqoba Farming Co-operative and Sonqoba Agricultural Co-operative;
 Sunshine Poultry Co-operative and Sunshine Poultry Agricultural Co-operative;
 Siyakula Agricultural (sic) Co-operative and Siyakula Agricultural Co-operative;
 Siyaphambili Savings & Credit Co-operative and Siyaphambili Savings, Credit & Trading Co-operative;
 Umqondo Omhle Co-operative and Umqondomhle Co-operative;
 The Upper Escarpment Greening Project Co-operative and The upper Escarpment Greening Projects Co-operative;
 Prosperity Projects Co-operative and Prosperity Project Co-operative;
 Walala Wasala Co-operative and Walawasala Co-operative;
 Ilisoletu Co-operative and Iliso Lethu Co-operative;
 Isithwalandwe Co-operative and Isithwalwandwe Co-operative;
 Gugulethu Co-operative and Gugulethu Co-operative;
 Buhle-Bonke Co-operative and Buhlebonke Co-operative.

2. The researcher has found many CSN's (Co-operatives with the same name, but addresses in different Provinces). Examples of these are:

Thuthukani Sewing Co-operative (Western Cape, Eastern Cape)
 Tholulwazi Co-operative (Mpumalanga, KwaZulu-Natal)
 Ithemba Agricultural (Eastern Cape, Kwazulu Natal)

Izigi Co-operative (Gauteng, KwaZulu-Natal)
 Khanyisani Co-operative (Western Cape, Mpumalanga)
 Masibemunye Co-operative (KwaZulu-Natal, Eastern Cape)
 Mpumelelo Farmers Co-operative (KwaZulu Natal, Free State)
 Masivane Wool Growers Co-operative (KwaZulu-Natal, Eastern Cape)
 Mayenzeke Co-operative (Western Cape, KwaZulu Natal)

3. The researcher could not find Ilinge Labahlali Housing Co-operative on any of CIPRO's documents, even though it was registered as a housing co-operative in 2002 (Refer Appendix 2).
4. Government Gazettes between 15 June 2006 and 16 October 2009 were scrutinized to check which co-operatives have been removed from the Co-operative Register. A total of 570 were found which still featured on CIPRO's registered list of co-operatives in South Africa. These were removed from the total list of registered co-operatives in South Africa.
5. Many spelling errors occurred in CIPRO's (2008; 2009) document lists, therefore certain records were labeled "doubtfull" due to the different spelling when co-operatives were compared to Government Gazettes (see Addition to Bibliography) and CIPRO's lists. A total of 43 doubtful records were identified by the researcher and are not included in the full list. Examples are as follows:

Bonelani Women's Club Co-operative Ltd (CIPRO); Bonelane Women's Club Co-operative Ltd (Government Gazette; Removed 1 February 2008)
 Ncebazache Poultry Co-operative Ltd (CIPRO); Ncebazakhe Poultry Co-operative Ltd (Government Gazette; Removed 1 February 2008)
 Ngwathe/Edenville Web-site Co-operative Ltd (CIPRO); Ngwathe/Edenville Wep-site Co-operative Ltd (Government Gazette; Removed 1 February 2008)
 Simunye Hardcraft Co-operative Ltd (CIPRO); Simunye Handcraft Co-operative Ltd (Government Gazette; Removed 1 February 2008)
 Imizamdyethu Poultry Co-operative Ltd (CIPRO); Imizamoyethu Poultry Co-operative Ltd (Government Gazette; Removed 11 January 2008)

Velabahleke Co-operative Ltd (CIPRO); Velabahleka Co-operative Ltd (Government Gazette; Removed 13 June 2008)

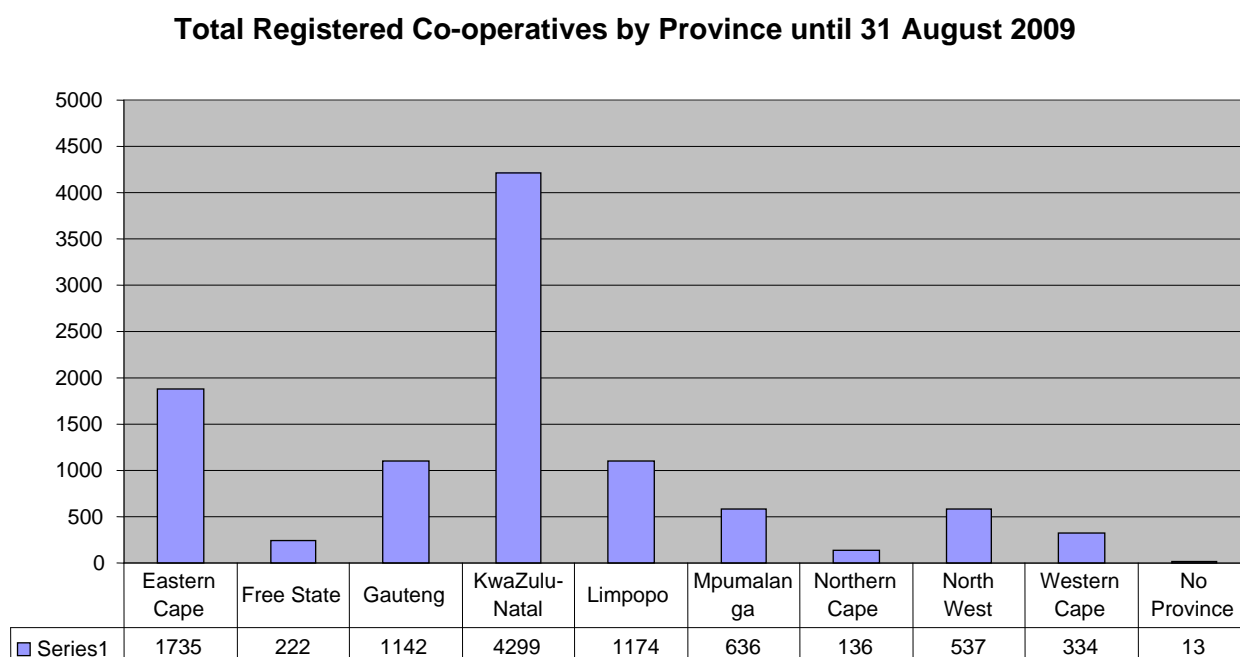
Elshadai Co-operative Ltd (CIPRO); El Shadai Co-operative Ltd (Government Gazette; Removed 16 March 2007)

Gugu Lethu Co-operative Ltd and Gugulethu Co-operative Ltd (Government Gazette; Removed 2 March 2007) etc.

Taking the above into consideration, the researcher came to the following conclusions:

There are a total of 10 228 registered co-operatives in South Africa. Co-operatives per Province is set out in Table 3.4 which indicates that the co-operative movement was actively promoted in Kwa-Zulu Natal with 4 299 registered co-operatives; followed by the Eastern Cape. The reason for this can be the result of the promotion of co-operatives in the previously called homelands and trusts during the 1950's.

TABLE 3.4: Total registered co-operatives per Province 2009

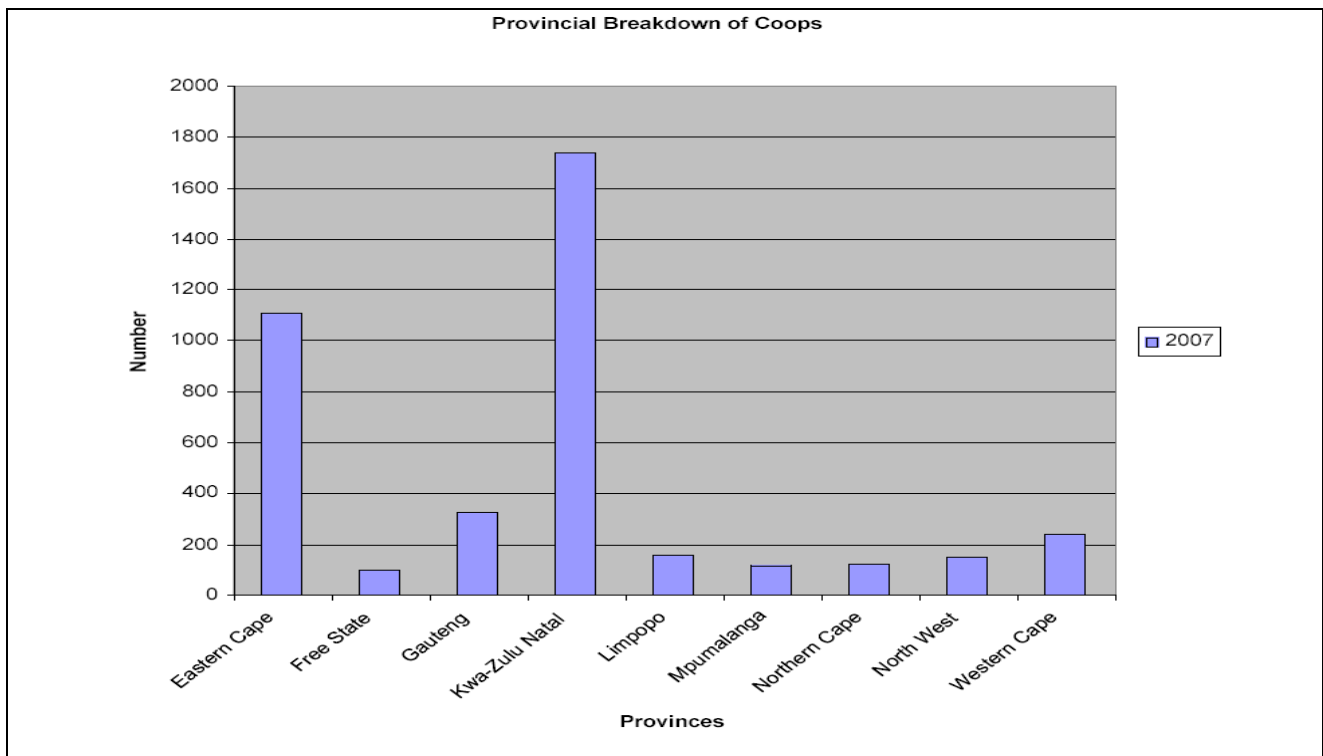


Source: Compiled by the researcher, 2009

In 2007 the Co-operative list as released by the Registrar of Co-operatives indicated the total co-operatives which were registered in 2007 (Satgar, 2007:9). Clearly the Registrar keeps another set of records with dates of registration as it is impossible to conclude on

the annual number of co-operatives registered based on the set of documents which were made available to the researcher (Lists dated pre- 2007, 2 March 2007 – 16 June 2008; 2 May 2007 – 16 June 2008; 17 June 2008 – 30 April 2009; 1 May 2009 – 30 August 2009).

TABLE 3.5: Total registered co-operatives per Province 2007



Source: Co-operative List, Registrar of Co-operatives, 2007 in Satgar (2007:9).

Sixty four (64) housing co-operatives were identified by the researcher from all records received from CIPRO (2008; 2009). The Co-operative Act (RSA, 2005) states that the wording “housing co-operative” must be part of the co-operative name. (Refer Section 3.2.4: The Co-operative Act (Act No. 14 of 2005). It does not stipulate if it needs to be at the end of the co-operative name. According to CIPRO (2008; 2009) (Elma Pinkham, Deputy Director: Co-operatives, 14 November 2009) the word “housing” and “co-operative” can appear anywhere in the co-operative name which will qualify the co-operative as a housing co-operative. It must be noted that Schedule 1 of the Co-operative Act of 2005 (Special Provisions relating to certain kinds of co-operatives; Part 1: Housing co-operatives) also stipulated that in addition to the other requirements of the Act, a housing co-operative must include the following provisions:

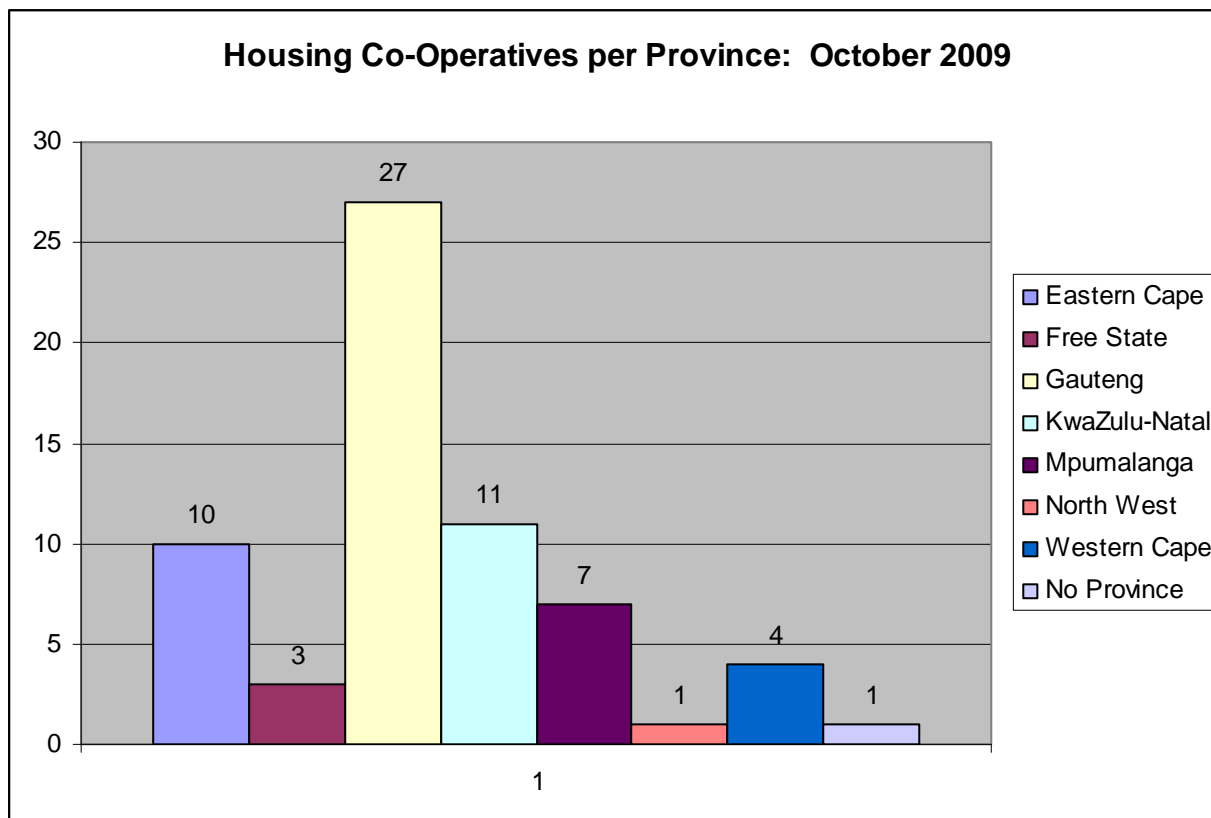
1. **Primary Housing Co-operatives:** The main objective is to provide housing for its members and that the members will have the right to occupy the allocated housing units for as long as they remain members of the co-operative;
2. **Secondary Housing Co-operatives:** The main objective is to provide services to primary housing co-operatives and to undertake housing developments on behalf of existing or proposed housing co-operatives.

Of the 64 housing co-operatives, the researcher found that Umlazi Consumers and Housing Co-operative was listed under the heading "Type of co-operative" as "Farming" and five other co-operatives (Sinako Madiba Bay Women in Housing Development Co-operative Limited, Siyadudula Housing Co-operative, Igugu Lika Musi Housing, Cleaning and Environment Management Co-operative and Bokgoni Construction Housing and Transport Co-operative, South African Housing Co-operative Association Ltd) were listed under the heading "Type of co-operative" as "Trading". Bekezela Housing Co-operative and Sizophumelela Housing Co-operative is listed as "General". The rest all has housing related types such as "Construction", "Accommodation", and "Building" etc. (See Appendix 1 for full list of housing co-operatives).

Ilinge Labahlali Housing Co-operative was not found on any data received from CIPRO (2008; 2009), although the co-operative has a registration certificate. This can indicate that CIPRO does not have the correct data on co-operatives registered in South Africa and that there might be more housing- and other types of co-operatives which they do not have record of. As the pre- 2007 lists were not always in electronic format, it can be that some co-operatives were omitted when the records were transferred to electronic format.

Co-operatives per Province is set out in Table 3.6 which indicates that housing co-operatives feature in 7 of the 9 Provinces in South Africa. No registered housing co-operatives exist in the Limpopo- and Northern Cape Province (according to lists the researcher received from CIPRO, 2008; 2009).

Table: 3.6: Housing co-operatives per Province 2009



Source: Compiled by the researcher, 2009

Based on the researcher's findings, seventeen of registered co-operatives who do not qualify as a Housing Co-operative (according to the Co-operative Act (RSA, 2005)), indicated "Housing" under the heading "Kind of Co-operative", but the co-operative name does not include the word housing. Some of the co-operatives were registered pre- 2007 co-operatives, but others were registered later.

To determine the status of housing co-operatives each co-operative (where possible) was contacted by the researcher (see Section 1.4 for research limitations). Only 11 of the 64 housing co-operatives could be located (including Ilinge Labahlali Housing Co-operative – on the CIPRO list only 63 housing co-operatives could be found) (See Appendix 1 for full list of housing co-operatives). Thirty nine of the 70 housing co-operatives had no telephone numbers listed.

The researcher conducted non-scheduled structured interviews with each of the 11 housing co-operatives (See Appendix 3 for flow chart questionnaire). The 11 housing co-

operatives were found in 6 of South Africa's 9 Provinces, namely Mpumalanga (2), Kwa-Zulu Natal (2), Gauteng (3), Western Cape (2), Eastern Cape (1) and North West (1).

Based on the interviews, the following was established by the researcher:

Three of the housing co-operatives started the co-operative without help from other agencies, Government or community workers. Three housing co-operatives were registered with the assistance of the DOH. All three respondents indicated that the Department informed them that the only way to access housing subsidies is to have an organised group of people in need of housing. The other respondents indicated that Provincial Government, Private Section 21 companies and the SACP advised them to register a co-operative.

Four of the respondents indicated that the reason for registering a co-operative was to alleviate poverty and that community members want to help each other in fulfilling their housing needs. Seven registered a co-operative because of outside interference and persuaded the community that the co-operative option was the only way to get access to housing.

Six of the housing co-operatives hold regular meetings and keep minutes of meetings. The other five do not hold regular meetings and do not keep minutes of meetings. Some of the reasons were illiteracy and language barriers between different members of the co-operative.

Membership fees range between R0 and R1300 monthly. One of the co-operatives belong to a savings group and individuals can only become a member once he/she has saved R2070,00. Another co-operative has 21 housing groups with 10 to 20 members and each housing group makes a monthly membership contribution of R150.

Only four of the eleven respondents indicated that the members of their co-operative belong to a savings scheme.

Ten of the eleven housing co-operatives more or less have the same problems with the successful management of the co-operative. The following were reasons mentioned for the failure of the co-operative principle within the communities:

1. No support from Local Municipality/Local Authority;
2. Promises from political parties with no results and support afterwards;
3. No registration certificates – Department of Trade and Industry promised that they will issue the registration certificates, but still has not issued it. Without a certificate, they have no access to any form of support;
4. New co-operative members do not understand co-operative principles and there is a lack of training and follow-up support of co-operatives;
5. No support from DOH.

One of the co-operatives, Kloof Domestic Workers Housing Co-operative, deserves more acknowledgement than the others in terms of co-operative co-operation. The researcher interviewed the KwaZulu Department of Housing, the community liaison officer (who volunteered to assist the co-operative), employers of the members of the housing co-operative as well as the two founders of the co-operative.

Kloof Domestic Workers Housing Co-operative was started by Phillis Nzama and Catherine Molefe as a result of a group of domestic workers in need of housing in KwaZulu-Natal. They approached the DOH to enquire about housing subsidies and were informed that houses cannot be “given” to one person and that a group of people need to qualify to get access to housing subsidies. It was recommended that Ms Molefe and Nzama talk to other domestic workers and once they have ten members they should register a housing co-operative to enable them to qualify for subsidies (this confirms the researchers findings that co-operatives were promoted in Kwazulu-Natal more than in other Provinces).

The Kloof Domestic Workers Housing Co-operative was registered in 2004 with a membership of 40 domestic workers. Each member had to save R600,00 per month to enable them to add capital to the housing subsidy for a house a little bit bigger than the normal RDP (Reconstruction and Development Programmeme) house. The DOH organised training for the Board of Directors. With the help of community facilitators, the

group bought a piece of land for R180 000,00 (savings of members) on auction, waiting for the housing subsidy in order to start building houses.

Until today, the Kloof Domestic Workers Housing Co-operative still has not received any housing subsidy or any other support from the Local Authority. They are currently contemplating “quitting” the land, as the Local Authority would not give them any release on service rates on the empty stands. They are also experiencing a problem with squatters who frequently invade the land illegally. The co-operative used all the means available to remove squatters. The SA Police refused to assist the co-operative to evict the squatters from the land and the co-operative approached members of parliament at a live broadcast at the local radio station. For then the squatters were removed, but the co-operative knows that it is only a matter of time before the same problem occurs. The co-operative has sent letters to the DOH and the Local Authority to no avail and no correspondence has been received from these bodies. The overall feeling is that Government is not interested and does not want to assist them.

The co-operative bought a second piece of land but before obtaining the Title Deed, politicians intercepted the process which resulted in a loss to the co-operative. With no release on the R26 000,00 payable to the municipality annually and minimum wages, these domestic workers can no longer afford to keep the land. In this case the employers of these domestic workers were all helping and assisting their employees to build a home of their own, close to amenities and employment. Unfortunately Government promises never materialised for the Kloof Domestic Workers Housing Co-operative and even though these ladies applied all the principles of co-operative housing, it seems that owning a home of their own is only a dream in the distant future.

With the exception of the valued support of the City of Cape Town, all the co-operatives are in desperate need for support from National-, Provincial and Local Governments. Where international funding groups did support some of the housing co-operatives, there are no follow-up support and co-operatives are registered without accomplishing much. The overall feeling is one of dismay, hopelessness and frustration due to a lack of support and knowledge to successfully provide housing in communities.

3.5 Different models implemented in the South African housing co-operative sector

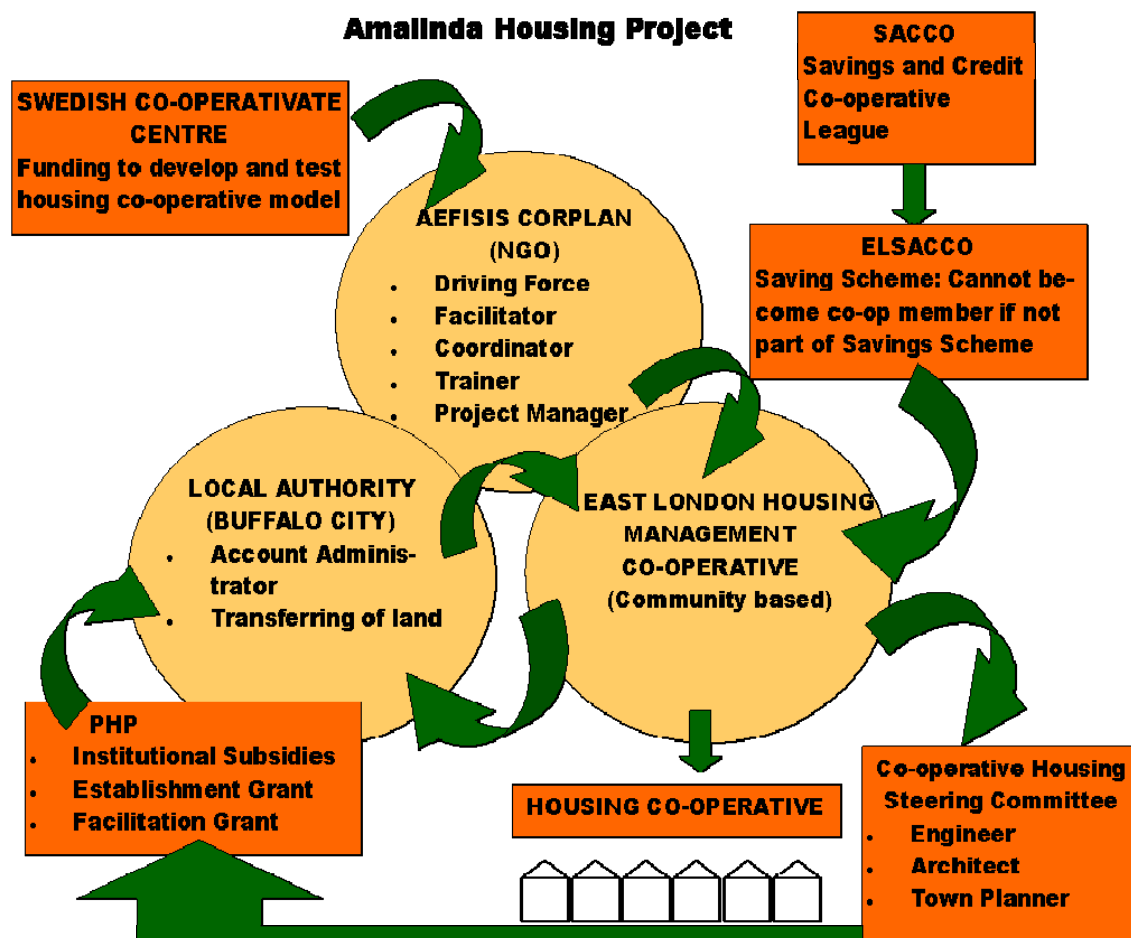
Housing co-operatives like any other co-operative will not be successful without efficient and sufficient support. Development of co-operatives can be compared to the development of communities. There is a clear distinction between development of communities and development *in* communities (Ketilson, 2008). Due to the complex South African housing sector, different models were implemented with different outcomes. Some of the models investigated and compared by the researcher, were theoretically a perfect model but unfortunately did not materialise.

As mentioned before, South African housing co-operatives are based on the Norwegian-, Canadian- and Swedish models due to the technical advisors who advised Government, Provincial Governments; the SHF and emerging co-operatives. Each of the models was shaped to fit the economic and social conditions of the specific community within the financial constraints and Government policies.

The East London Housing Management Co-operative (ELHMC), with the support of Afesis-Corplan (NGO) and the Swedish Co-operative Centre, is a typical example where a Secondary Housing Co-operative facilitates the establishment of Primary Housing Co-operatives. In 1998 local residents of East London showed an interest in using their organised saving schemes to provide in their own housing needs. The ELHMC is a community-based co-operative and forms part of a three way partnership with the Local Authority (Buffalo City) and Afesis-Corplan (NGO, supported by the Swedish Co-operative Centre to develop, test and promote a co-operative housing model). The ELHMC, as a membership based co-operative, represents all the members who are saving for houses in their projects. Once these members have saved enough money (awarded on a point system), a house/unit is allocated to the member and becomes part of the specific housing co-operative (primary co-operative).

The ELHMC's responsibilities are property management, securing housing subsidies, accessing land and to provide technical, logistical and administration support to the project. The Local Authority acts as Account Administrators and is responsible to transfer the land to the nine different primary co-operatives. Afesis-Corplan acts as the co-

ordinator, trainer and project manager to drive the project (Urban Sector Network, 2002; SHF, 2005a).



MODEL 6: AMALINDA MODEL

Source: Compiled by the researcher, 2009

The Amalinda model is based on a system where a Secondary Co-operative, for example the ELHMC, performs all the management and technical, logistical and administration support to the projects. According to Eglin (2007) the strategy used for the establishment of the ELHMC was to build a demonstration project. "Broad ideas define the original model and the model was developed through a combination of two approaches; one where the model emerges from ideas, and the other where the model emerges from practice".

In many instances this model represents a system where the housing management company (co-operative) takes the responsibility to drive the project (exactly as in the Swedish Model). It has similarities with a top-down approach and can be seen as a model *for* the community rather than a model *in* the community. According to the SHF (2005a) the Amalinda Housing Project faced a lot of challenges due to the high level of institutional complexity. Ten different institutions were set up, making it difficult for Afesis Corplan (NGO) to manage nine housing co-operatives through the ELHMC with their relatively little experience in co-operative housing.

Initially the ELHMC received strong support from the East London Transitional Local Council which granted them land, but since December 2000, the newly elected Buffalo City Municipality has been less supported. It was agreed that the ELHMC would be the developer and when the houses were completed, each group of between 18 and 36 units would form a co-operative of its own for management purposes, thus removing the responsibility for maintenance and cost recovery from the Mother Co-operative. Each co-operative owns the units under its control, but members may take ownership after 4 years, provided that they pay the conveyance costs and provided that two thirds of the membership agrees to permit it. The local co-operatives are responsible for paying the rates while individual members (occupants) are responsible for municipal service charges (Eglin, 2007).

According to the SHF (2005a) key lessons from the Amalinda Housing Co-operatives can be summarised as follows:

- Limited understanding of co-operative responsibilities by co-operative members;
- Not all co-operative members could afford the monthly “levies” which the co-operative was responsible for;
- Community preferences were not catered for (for example some members preferred individual tenure and not co-operative tenure);
- The project was set up to convert to individual ownership after four years – due to the economic position of members, it proved to be too costly as a result of high transfer costs;
- The ELHMC finds it difficult to become financially viable due to delays in delivery and securing finance for other projects;

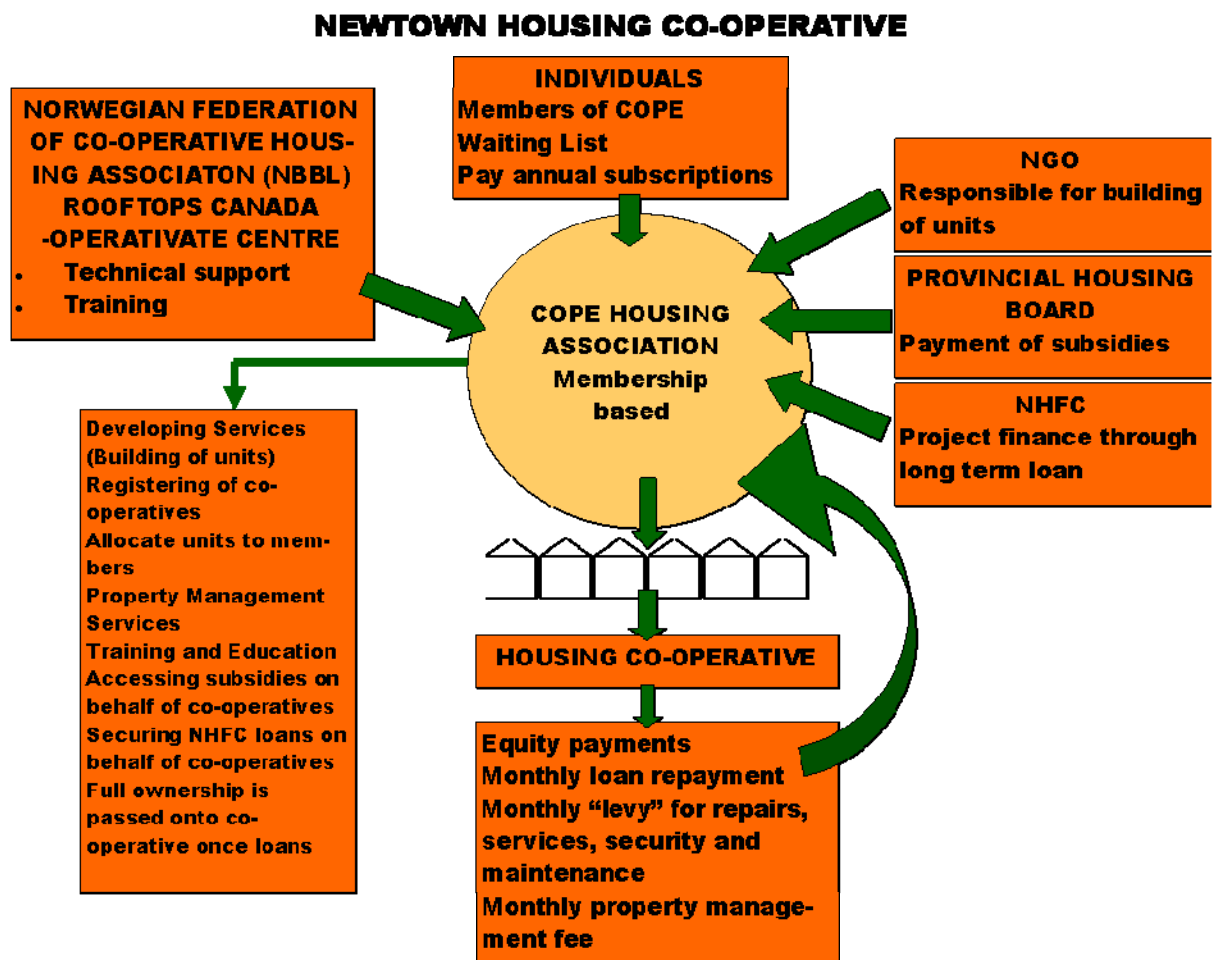
- Saving schemes combined with institutional subsidies showed that people can obtain larger houses.

Although the Swedish Co-operative Centre provided technical assistance, this model followed the Norwegian Model (Mother and Daughter Model) as well as some aspects of the Canadian Model (where individual ownership can be obtained immediately or a few years later).

In 1997 the Newtown Co-operative was developed by a NGO, Cope Housing Association, (A Section 21 Company), after a proposal call by the Gauteng Province. Cope acts as a Housing Management company (a typical Norwegian Model of Mother and Daughter where an affiliated or umbrella organisation organises the houses and on completion creates co-operatives and allocate houses to individuals). The Housing Association (Housing Management Company) establishes and registers a housing co-operative (without members at first), establishes a temporary board, develops the property and provides a waiting list for interested people (who pay an annual subscription fee to the management company and becomes a member of Cope). Cope is a member based organisation with individual members and co-operative members. This allows individuals to be a member of a secondary housing co-operative and enjoy the rights of membership before occupancy.

Each of these co-operatives (registered by Cope at first) holds membership in Cope. Once the houses are finished members of Cope who qualify for the Government housing subsidy and can afford the monthly repayment and levy, move into the units and a new board is elected from the members of the housing co-operative. The co-operative assumes full control over the day-to-day management and decision-making. Finance is provided through provincial housing subsidies, long term loans from the National Housing Finance Corporation and equity payments from co-operative members. In this model, ownership is obtained through shares in the co-operative and membership rights between the co-operative and the member.

Newtown is situated in Johannesburg and forms part of the Gauteng Province's Urban Renewal Strategy. It is well supported at political level (Urban Sector Network, 2002). Unfortunately the Newtown Housing Co-operative had to file for bankruptcy in 2009 due to non-payment of monthly loan repayments. According to the USN (2002) and Thomson (2002) this can be ascribed to co-operative members not understanding the co-operative principles but also due to a culture of non-payment and the perception of "housing for free" as part of the Government's RDP Housing Initiative.



MODEL 7: NEWTOWN MODEL

Source: Compiled by the researcher, 2009

The SHF (2005a) listed key lessons to be learned from the Cope Housing Association. It can be summarised as follows, confirming the researcher's own observations:

- Tenants cannot have complete control over decision-making unless there is commitment, stability and understanding of governance issues;
- Co-operative members should be lead to self management, after which they can be in an informed and qualified position to manage their own affairs and those of the co-operative;
- Initial property agreements did not allow COPE to intervene in the affairs of Newton without a specific request from the Board of Directors;
- Funds for training and capacity-building was not budgeted for and needs to be included in the capital- and operational cost.

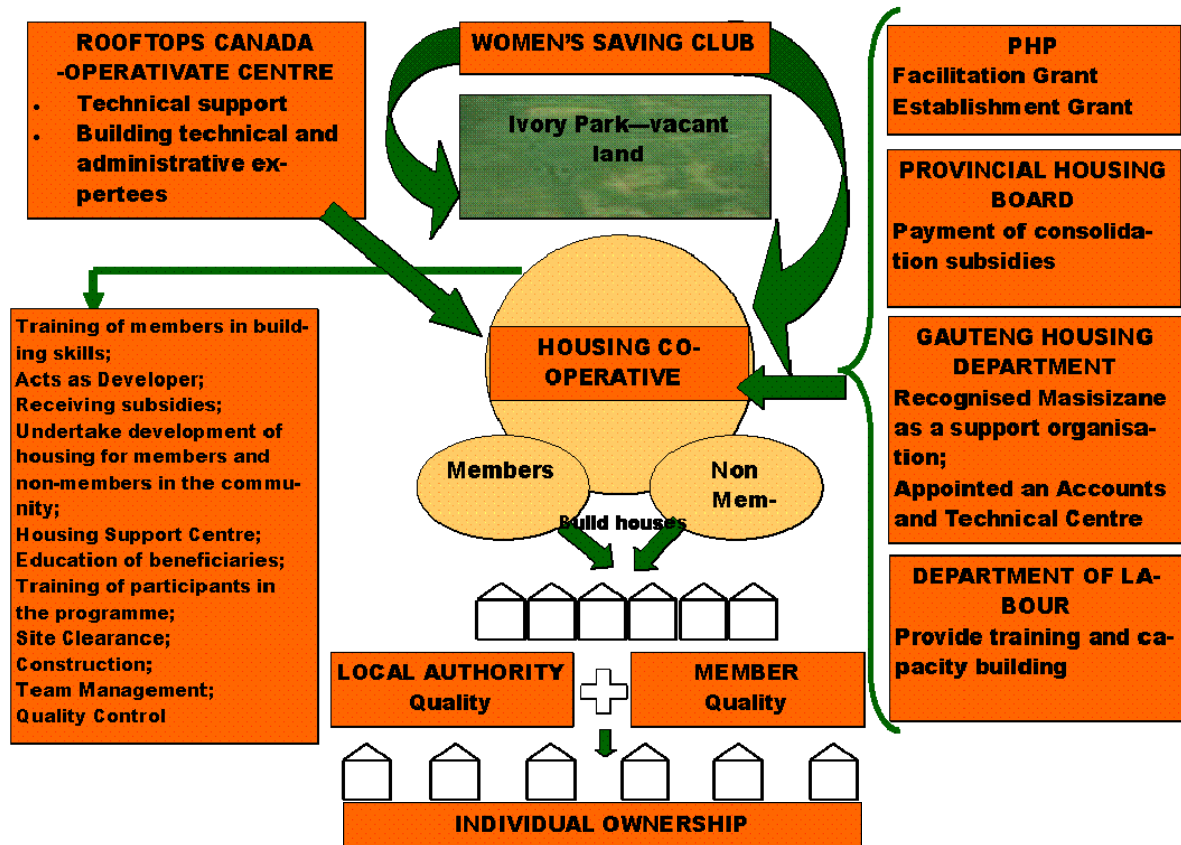
This model is a typical Norwegian based co-operative model where the parent (mother) is responsible for building and implementation. The children (daughter) must take the responsibility of repayment of loan. This is also a top-down approach and can also be seen as *for* the community and not *in* the community. This model could work in more affluent communities or first time market entrees, such as young professionals and even students.

Masisizane Housing Co-operative was established as a primary housing co-operative in 2001. It is situated in Ivory Park, Midrand, Gauteng and was the result of the local Women's Savings Club. This is a typical example of a Canadian grass root co-operative where the co-operative model is used as a vehicle to secure housing and afterwards it can dissolve as the goal (individual homeownership) was reached.

Residents from informal settlements close to Ivory Park moved to empty service stands in Ivory Park and in 1996 people living on these stands received title deeds of the land.

Masisizane Housing Co-operative applied for Consolidation Subsidies, decided to go the PHP route and supply training to unemployed people in the community using the Department of Labour. The Gauteng DOH played a significant role as support organisation.

MASISIZANE WOMEN'S HOUSING CO-OPERATIVE



MODEL 8: MASISIZANE MODEL

Source: Compiled by the researcher, 2009

Masisizane is a true example of development *in* the community and not *of* the community. This model (See model 8) shows that communities can organise and participate in the provision of housing.

Key lessons from the SHF (2002) can be summarised as follows:

- Masisizane is an example of community-based groups who with adequate technical and administrative resources can deliver housing using subsidies and the PHP;
- It created jobs and economic opportunities and tackled social issues such as HIV/Aids etc;

- Saving schemes linked to subsidies allow for larger houses;
- Processes and institutional structures were kept simple;
- Government support should be consistent with respect to all phases of co-operative development – Masisizane Housing Co-operative experienced a lot of problems as a result of inconsistent advice and support by different levels of Government.

Unfortunately the housing co-operative today does not receive any support from Government. Members are attending meetings, but by having no access to land and municipality support, there is not much they can achieve on their own.

The case of Masisizane Housing Co-operative confirms the researcher's findings in Section 3.3 Status of housing co-operatives in South Africa. Currently Masisizane Housing Co-operative receives no support from the Local Authority, hence the stagnation of the co-operative. The Department of Housing, after the success of the first phase of the project, withdrew and stopped their support in terms of training programmes and information sessions to the housing co-operative.

Masisizane Housing Co-operative will not be able to remain sustainable without recruiting new members who understand co-operative principles. The co-operative will eventually dissolve due to the lack of institutional support. In the researcher's view this situation is unacceptable as Masisizane Housing Co-operative was one of the most successful housing co-operatives in South Africa and due to the lack of three tier Government involvement, support and assistance, will have no future.

3.6 Conclusion

During the late 1990's the term social housing was used to describe housing delivery and management structures for lower income groups in South Africa.

The Norwegian Agency for Development Co-operation (NORAD) together with Rooftops Canada provided the first housing co-operative in South Africa during the early 1990's to promote housing co-operatives.

Several bodies and institutions were created and established attempting to create a co-operative environment (where different types of co-operatives support each other for the benefit of different co-operatives). Unfortunately these bodies seem to operate individually each with its own interpretation of the South African Housing Co-operative Sector.

International agencies established the housing co-operative sector with limited success as can be seen with the three housing co-operatives described in this chapter.

The three models in this chapter were developed on three different models depending on the assistance received from different donors.

Amalinda Housing Project was established with the assistance of the Swedish Co-operative Centre and therefore modulated on the Swedish Model of a Housing Management Company which drives the housing co-operative. In South Africa this model can be too expensive for the already impoverished community in need for proper housing. The Housing Management Company performs certain services which the co-operative had to pay for. If the housing co-operative members are not financially stable, this increases the possibility of bankruptcy and collapse of the Management housing company and the housing co-operative.

Newtown Co-operative was established with the assistance of the Norwegians who promoted and implemented a typical Norwegian Mother and Daughter model. In this case the “mother” builds the house and on completion, a housing co-operative is formed. The co-operative takes full responsibility for the day-to-day management and are not responsible for any levies or fees to the umbrella body who built the houses.

In contrast to the Norwegian and Swedish model, Masisizane Women Housing Co-operative proved that communities can organise themselves and achieve their common goal with the minimum interference of outside agencies. Rooftops Canada only assisted in the technical aspects and the Department of Housing made it possible for the co-operative to access subsidies.

The three co-operatives (apart from Ilinge Labahlali which is dealt with in the next chapter) can be described as successful in providing housing to a limited number of members. Amalinda provided housing through the co-operative vehicle, but has not progressed in providing a successful co-operative model or a viable and sustainable co-operative to benefit more members of the same community.

Newton co-operative proved that the biggest stumbling block for housing co-operatives, is sustainability. Non-understanding of the co-operative principles and non-payment of levies due to lack of education and training, resulted in Newton co-operative to file for bankruptcy.

Masisizane womens housing co-operative only provided housing for the original members of the housing co-operative. Once institutional support and assistance seized, they had no other choice than to stop promoting the co-operative vehicle to new members.

Based on the research findings, grant funding of 20.7 million Euros for the development of Social Housing Institutions and co-operatives between 2000 and 2007, did not result in the development of sustainable housing co-operatives.

Section 3.3 of this chapter illustrated the legal framework provided by Government to substantiate co-operative policies and intentions to support housing co-operatives. Despite progressive legislation to support housing co-operatives, the implementation of these policies and laws has been relatively poor. This can be due to the short history of housing co-operatives in South Africa and the confusion between the different role-players advising Government on implementation programmes (for example USAID, NORAD, Rooftops Canada). Another reason can be that the South African Government does not have the resources to link the co-operative development policy to other Government policies and programmes. Second- and third tier of Government do not share National Government's commitment toward the housing co-operative market, therefore not reaching grass root level housing co-operatives. Regeneration urban renewal zones also proved unsuccessful in creating a viable housing co-operative sector.

Grants available to housing co-operatives from the Department of Trade and Industry did not benefit the only successful housing co-operative in South Africa, namely Ilinge Labahlali Housing Co-operative. It is clear that the Department of Trade and Industry had certain limitations and prejudices with regards to the allocation of grants to certain housing co-operatives.

The fact that the Social Housing Foundation called for a study to determine the status of housing co-operatives in South Africa, after only a short period of time, is alarming. Taking into consideration that the sector was young and only a few housing co-operatives were formed, it seemed premature to attempt to evaluate this relatively young sector.

Determining the status of housing co-operatives in South Africa proved complex and difficult. Data received from the Registra of Companies were fragmented and not dated. Twenty six different documents had to be combined to create a full list of co-operatives registered in South Africa before 2 March 2007. A second set of documents (in a different format) was obtained for all co-operatives between 2 March 2007 and 6 June 2008.

Co-operatives are not categorized and the researcher scrutinized each record to establish the number of co-operatives (regardless of category). All records were studied to enable the researcher to create a list of housing co-operatives. A total of 10 228 co-operatives were found (after the deletion of double names, spelling errors and other indicating factors). To create a list of housing co-operatives proved to be even more complex as the word housing does not indicate that the particular co-operative are indeed a housing co-operative. Although certain co-operatives are called housing co-operatives, it was found that they were not true housing co-operatives as the type listed was anything from farming to trading. A total of 64 housing co-operatives were found (taken the criteria as indicated in the Co-operative Act in consideration).

The only conclusion the researcher can come to is that the Department of Trade and Industry is merely fulfilling an administrative role with little or no support to the

10 228 registered co-operatives in South Africa. The provided documentation to the researcher clearly indicates that even record keeping is not standardised and controlled. The status of the eleven housing co-operatives (the only ones which could be located) proved that housing co-operatives in South Africa is not sustainable and successful.

CHAPTER FOUR

CASE STUDY: ILINGE LABAHLALI HOUSING CO-OPERATIVE, NYANGA

4.1 Introduction

During the 1960's and 70's, employers in Cape Town built hostels for migrant Xhosa workers from the Eastern Cape on Local Authority leased land. Hostels which were built by private companies on leased land are known as grey sector hostels (Public hostels are hostels which were built by the Local Authority on land owned by the Local Authority; Private hostels are hostels which were built by private companies on private company land).

The Ilinge Labahlali Housing Co-operative was formed by the residents of hostels (built on public land) in Nyanga, Cape Town. The buildings (hostels) belonged to Coca Cola, Bonnita [30 plus buildings], Racec, Frankipile and Watertite [one or two buildings] and the land were leased by the Local Authority. Most of the Nyanga grey sector hostel buildings consisted of two units, attached side by side. Each unit was built on a stand of about 200 square meters and the unit on each side of the building was about 64 square meters. Washing facilities and toilets were in a separate structure adjacent or just outside each building. These units consisted of three bedrooms with a shared kitchen or two bedrooms with a kitchen and combined dining room/lounge (Duke, 2007).

The City of Cape Town's Social Housing Unit supported upgrading initiatives of grey and private sector hostels to upgrade hostels. Meetings with hostel residents (together with the Social Housing Unit) were held and the decision was taken to join the co-operative. Residents of the Bonita hostel joined the co-operative and Coca-Cola hostel residents joined the Ilinge Labahlali Co-operative thereafter. The co-operative began meeting on a regular basis, holding general meetings and board meetings. The hostel committees in each hostel met regularly to keep the members informed and to deal with the development of the co-operative. One person from each house hold is registered as the co-operative member. Spouses are entitled to attend meetings and represent the family in the absence of the registered member.

The hostel committees of Frankipile, Watertite and Racec and Eskom hostels approached the co-operative and asked to join. The board of the co-operative approved the incorporation of these hostels. The Ilinge Labahlali Housing Co-operative Limited, Registration number 2428, was registered on 9 September 2002.

The Housing Co-operative comprises of 274 member families who successfully applied for a Government institutional subsidy to develop 274 family units (this was managed through converting 429 single rooms). The City of Cape Town, the current residents, a technical support agency and four of the six companies (who formally owned or rented the housing stock) formed a four way partnership. The Institutional Housing Subsidy was combined with a PHPs delivery note where subsidy money was utilised by the organised community body.

Ilinge Labahlali established a Housing Support Centre Office on the 31st of July 2006. The Housing Support Centre Office is in charge of the administration and management of the construction process. The primary aim of the establishment of the Housing Support Centre Office was to provide property management and a complaints handling office where members could receive assistance and information with reference to housing co-operatives schemes and employment opportunities. The Housing Support Centre office also provides a platform for site workers to form general and specialist construction teams and register their teams in staged lump sum contracts in the construction of the co-operative's houses and related social infrastructure. This enables artisans and teams to enter the labour market with work experience.

The Housing Support Centre Office runs on a tight budget as it employs a construction manager, an administrator/bookkeeper and a material/tools manager. The Social Housing Foundation provided a grant which allowed the Housing Support Centre Office to do general maintenance work, secure the office with burglar bars and purchase office furniture.

The community body purchased materials. In 2006 the community body tried to get access to the Establishment Grant which was announced by the DTI to fund the establishment of a Housing Support Centre. Unfortunately this was never granted.

The SHF (2005) describes the partnership between the City of Cape Town and the residents as follows:

“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.”

The Illinge Housing Co-operative is a collective community managed institution, which:

1. Defends the housing stock against opportunistic trading, misuse and deterioration;
2. Creates a cohesive inclusive organisational base enabling capacity-building for self-management, housing delivery, ongoing social and physical development and management of service charge collections which enhances sustainability of tenure;
3. Generates community social identity with democratic community-based structures for regulating social cohesion and ongoing physical and social development;
4. Establishes a collective corporate legal entity that facilitates partnerships and collective agreements to effect community development objectives (de Beer & Swanepoel, 1998; Swanepoel & de Beer, 2006; Theron, 2008; Wicht, 2006).

According to Wicht (2009), (ACG architect and community facilitator) all the above is in synergy with the advantages of the PHP housing delivery process. It forged

community identity, local leadership capacity and democratic practice through the mobilization of families to establish implementation structures; it mobilises savings, use local labour to eliminate contractor's profits to have access to larger and better quality housing; and improves participation, pride and ownership to meet family needs and preferences. It also enhances community participation principles as explained by Theron (2009:112-134).

Site development, land use and house planning were implemented through a participatory design process between the hostel committees and each family identifying their needs. (For concept drawings and sample plans of the development, refer to Appendices 4 - 9).

The Department of Labour together with CETA helped the co-operative to address the unemployment problem and initiated vocational training where 84 members were trained and received accreditation in a number of building skills, namely bricklaying, plastering, plumbing, painting, carpentry and electrical trades. Trainees engaged additional site workers and formed general and specialist construction teams. This enabled workers to enter the labour market with experience (Wicht, 2006). The Co-operative has secured R320 000 (274 beneficiaries @ R800 grant) from the establishment grant for the 2 year construction process.

Members were given the option of implementation chosen stages in three ways, according to their financial capacities, construction competencies and time constraints. They could choose between the following:

- Mutual labour teams (where families combine to provide voluntary work teams to implement stages of each others houses);
- Family labour teams (where family members provide voluntary labour);
- Paid labour teams (where specialist and general teams made up from the vocational trainees conduct the staged contracts for payment).

The housing units were also designed to accommodate small businesses which residents could use for trading. Members of the co-operative were invited to put there individual requests forward and the architects designed the space according to

resident needs. Members had to pay for the different designs and alteration costs. One example can be noted where a brother and sister occupy two opposite units and enclosed the section between them for establishing a restaurant.

The implementation success of Ilinge Labahlali Housing Co-operative is directly linked to the support from the various role players, but the most prominent reason for the success of this co-operative, is co-operative participation, co-operative alliance and most of all co-operative governance (Mhone & Edigheji, 2003).

4.2 Legislative background

It is clear that the City of Cape Town was the key player in the establishment of Ilinge Labahlali and with the necessary support from this Government institution, the co-operative could (albeit slowly) progress to become a community-based, successful housing co-operative.

4.3 Role players

Ilinge Labahlali Housing Co-operative differs from the three different co-operatives as reviewed in the previous chapter. The main difference between Ilinge Labahlali and these three types of housing co-operatives is that the Local Authority (The City of Cape Town) played a prominent role in the establishment of Ilinge Labahlali. Buffalo City (Local Authority: Amalinda) assisted Amalinda only as account administrator, transferring of land and the People's Housing Process whereas the City of Cape Town not only assisted Ilinge but also received assistance in the form of technical advisors from Rooftops Canada. The City of Cape Town is an example of a Government structure who fulfills the role of facilitator and support structure in the pre- and post stage of the establishment of a housing co-operative. Table 4.1 sets out the different role players with specific reference to the duties performed by Local Government.

**TABLE 4.1 ROLE PLAYERS AND RESPONSIBILITIES: Ilinge Labahlali
HOUSING CO-OPERATIVE**

Role player	Designation	Function
Rooftops Canada	Technical Advisors	Capacity-building of the Social Housing Unit of the City of Cape Town.
City of Cape Town	Social Housing Unit	<p>Consulting with local community structures and organisations;</p> <p>Consulting with hostel residents;</p> <p>Assistance with registration of co-operative;</p> <p>Developing co-operative statute;</p> <p>Called for technical advisors;</p> <p>Provided free staff hours from Legal and Housing Finance Department;</p> <p>Act as VAT Registered Account Administration to receive and disburse subsidy funds for construction (Free of charge);</p> <p>Setting up of accounts for co-operative rates, services and water;</p> <p>Termination of co-operative members tenancies and leases as council tenants;</p> <p>Selling of land from the City to the co-operative;</p> <p>Setting up of Related Performance Monitoring Agreement;</p> <p>Setting up Installment Purchase Agreement for transfer after five years of operation;</p> <p>Ongoing support for operation and management of co-operative after construction phase.</p>
City of Cape Town	Post Transfer Support programme	Provide funds to service providers to support and capacity-building of co-

		operatives during the first three years of operation.
Provincial Housing Board		Approve capital grant and institutional subsidies; Release of subsidies.
Architects	Architects	Prepared the financial and design information; Act as facilitators and advisors beyond their duties as architects.
Local community		Elect committees for decision-making in co-operative management.
Private companies	Management	Donated building or sell land at lowest price; Transfer of hostels and their rights under their leases/land to the co-operative.
Department of Labour	Trainers	Provided training to co-operative members in plastering, bricklaying, plumbing and carpentry.
CETA		Issue National Vocational Qualification Certificates upon completion of training.
Council	Council officials	Eviction of non co-operative members.
People's Housing Process		Disbursing Establishment- and Facilitation Grant.

Source: Compiled by the researcher, 2009

Ilinge Labahlali Housing Co-operative tried to access the establishment fund which was promoted by the Department of Trade and Industry, but this never realized. Although the City of Cape Town plays a prominent role in the establishment and administration of the co-operative, the co-operative is in need of a grant to fulfill its role as a sustainable co-operative. The goals and objectives can be summarized as follow:

4.3.1 Housing Support Centre

A fully operational Housing Support Centre will ensure a professional organisation where members and local residents can be assisted in everyday operational queries as well as create a platform for employment and training opportunities. In order for the Housing Support Centre to function properly, a shortfall is experienced with reference to furniture and equipment for the staff members already employed by the Housing Support Centre. It also requires office furniture and filing cabinets for a proper administration office.

The Housing Support Centre also requires tools to assist with everyday queries and maintenance issues:

TABLE 4.2: HOUSING SUPPORT CENTRE TOOL REQUIREMENTS

TOOLS	QUANTITY
30cm Tape Measures	2
NT Cutters	1
Spades	4
Picks	4
Wheelbarrows – concrete inflatable wheel	4
Scaffold Bokkies - pairs	4
Scaffold Planks – 3m x 38 x 228mm treated SA pine	8
Setting out profiles – 6m x 38 x 38 x 2mm tubular steel (cut in half 8 per two houses)	40
Settin out profile props and window/door frame props (cut in half 16 plus ten per two houses)	80 + 100
Gumboots (pairs)	4
Compactors – 1.2m x 50mm diameter pine pole	4
Pliers	1
30m Hose Pipe and tap connections	8
Step Ladders – 2.4m	3
Wheelbarrows	4

SOURCE: Supplied by Ilinge Labahlali Housing Co-operative, 2008

4.3.2 Establishment of a tools library

The co-operative has implemented a tools policy as follows:

- The co-operative holds a set of tools in a “tool library” for use by the construction teams, managed and issued by the materials/tools manager. These tools will be available for future maintenance purposes and ongoing extensions and development of the future projects;
- Each worker is required to be equipped with their specific trade tools for which they are responsible. As new trainees are unemployed, they do not have the capital required to equip themselves with their specific trade tools. These tools equip the trainees for the construction process as well as assist them until they enter the formal employment market.

A basic set of tools has been purchased by the co-operative using the Establishment Grant, but not succeeding in acquiring the DTI’s Establishment Grant, the co-operative finds it difficult to implement a tools library.

Ilinge Labahlali Housing Co-operative provided a detailed list of trade tool requirements, which can be used for a typical tool library:

TABLE 4.3: HOUSING SUPPORT CENTRE TOOL REQUIREMENTS

TOOLS	QUANTITY
Hard hats	52
5m Tape Measure	3
Spirit Levels – 900mm	14
Trowels	14
Fish Lines	14
Chalk Lines	1
Chalk Powder	1
Hammers	6
Pliers	4
Screwdrivers - flat	11

Screwdrivers - star	11
Masonry chisels	2
Bolsters	6
4lb Hammers	6
Water Levels	4
Rubber Hammers	14
Builders Squares – 600mm	4
NT Cutters	8
Spades	12
Hand Hawks	12
Plastering Trowels	12
Cross Cut Saws	1
Claw Hammers	3
Wood Chisels to fit lock sets – 25mm	1
Combination Squares	2
Hand Planes	1
Spanners – 13mm	3
Vise Grips	1
Resetting Tools	2
Bending Machines	2
Soldering Irons	2
Blow Torches	2
Hack Saws	2
Pipe Cutters	2
Mitre Squares	2
Sleeve Punches	2
Sanding Blocks	12
Scrapers	12
Pallette Knives	12

SOURCE: Supplied by Ilinge Labahlali Housing Co-operative, 2008

4.3.3 Occupational Health and Safety

The requirement for Peoples Housing Process Projects to be compliant with the Occupational Health and Safety Act (Act No 85 of 1985) came into effect just prior to the commencement of construction and therefore was not included in the project costs. This additional expense stretched the already tight institutional subsidy budget used for materials and labour.

The financial impact of the Occupational Health and Safety Act on housing co-operatives, with little or no financial assistance can be detriment to the viability and sustainability of housing co-operatives. Co-operatives must meet the following requirements in terms of Construction Regulation 4 of the Occupational Health and Safety Act:

Pre-construction phase:

- Compiling of Health and Safety Specifications (Construction Regulation 4.1(a);
- Compiling of Health and Safety Plan (Construction Regulation 4.2);
- Compiling of a Health and Safety File which include inspections, assessments, Health and Safety meetings, injury on duty forms and non-compliance notes;
- Conducting induction (Construction Regulation 7(9));

Construction phase:

- Health and Safety file must be maintained at all times;
- Health and Safety must be managed by at least 2 visits per week;
- Monthly risk assessments (Construction Regulation 7);
- Compiling of method statements on all high risk jobs;
- Asbestos training and induction to all exposed;
- Scaffolding to be SANS 10085-1:2004 compliant. Weekly checks to be performed on scaffolding;
- Investigations and liaison with Department of Labour in case of Injury on duty incidents;
- Awareness sessions to be held on building programmemes;
- Compiling of emergency procedure and arrange drills;
- Monthly meetings on Health and Safety Plan matters;
- Record keeping of meetings:

- Mandatory Agreements (37.2) to be drafted contractors such as electricians and plumbers.

With specific reference to Ilinge Labahlali Housing Co-operative, the following amounts were quoted to comply with the Occupational Health and Safety Act (first stage of the project):

An once off amount of R2 800,00 for duties performed in the pre-construction phase;

A monthly fee of R3 550,00 for duties performed in the construction phase (for a period of 24 months).

The total cost for Ilinge Labahlali Housing Co-operative for these phases is R100 320,00 (VAT inclusive). In addition to these costs the following costs need to be paid to comply to the Act:

First Aid Training (Basic level): R684,00

Scaffold Erectors Training: R920,00

FF2 Asbestos Respirators (4): R3180,00

Danger Tape: R720,00

Fire Extinguishers: R558,60

First Aid kits: R615,49

Asbestos Roof Sheet (170 micron): R741,00

Hazard Waste Disposal Permit: R240,00

Safety Boots (60): R11 559,60

Safety helmets (5): R142,50

Construction Safety Notice Sign Boards: R3 197,70

Workmans Compensation Year 1 (7 months): R11 872,00

Workmans Compensation Year 2 (12 months): R20 352,00

Total cost to comply: R155 102,89

Taking the above into consideration, it is clear that Ilinge Labahlali Housing Co-operative needs financial support. The already impoverished co-operative members cannot pay for these compliance regulations and this has an impact on the viability of all housing co-

operatives in South Africa. All co-operatives following the PHP should receive funding to comply with all regulations once they can provide documentary proof.

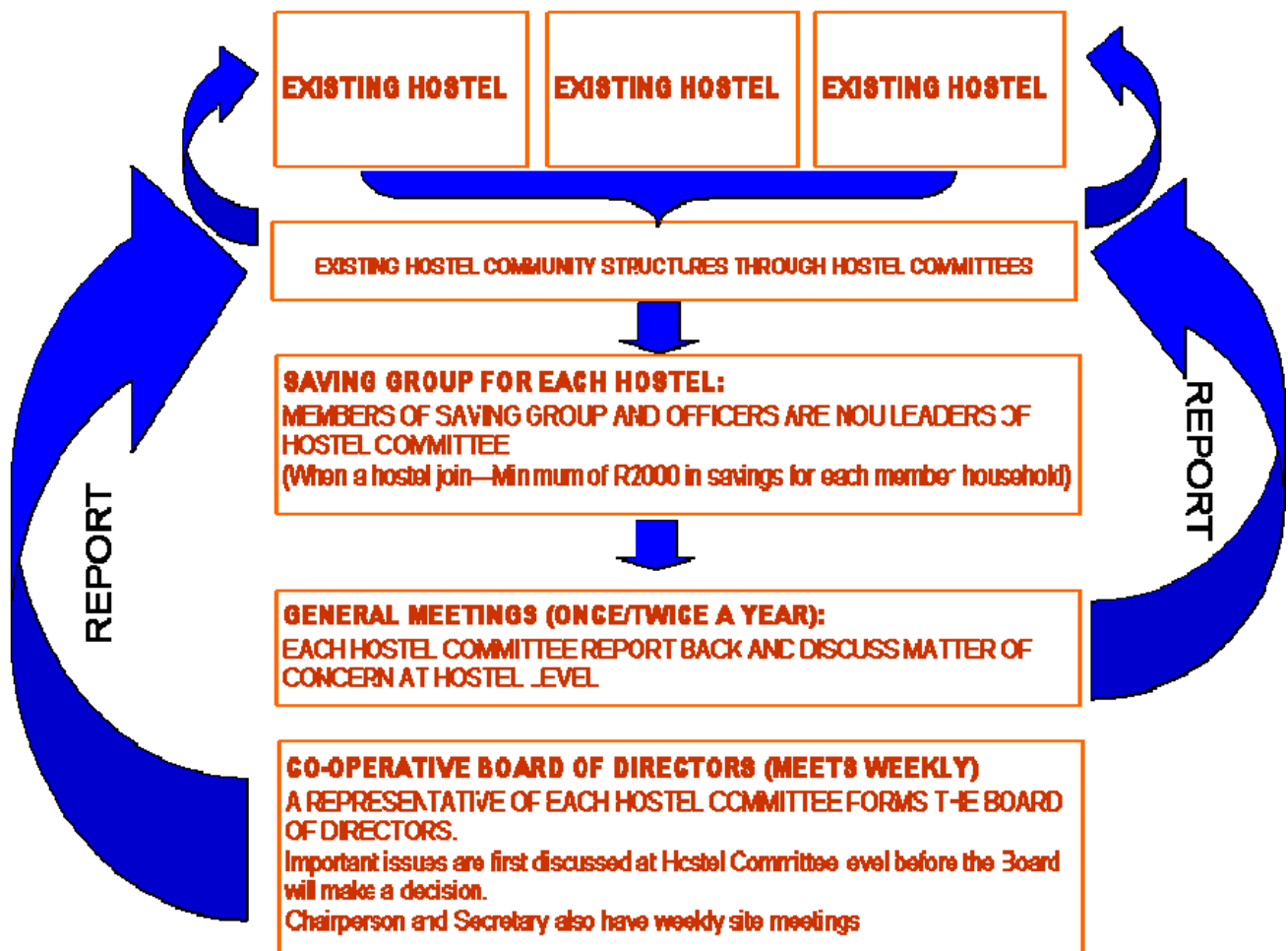
4.3.4 Training and support

The Peoples Housing Process is a development process that use local labour and staff being employed to run and construct houses. On-site construction training and facilitation to CETA trainees and Housing Support Centre staff consist of local unemployed residents who underwent a three month CETA training programme in various building trades. Post on-site training and support are needed to consolidate and establish hands-on skills.

Ilinge Labahlali followed the PHP to enable them to reached their common goal. Unfortunately a lack of funding can endanger the sustainability of the housing co-operative.

4.4 Co-operative housing model implemented

It is important to note the process as a flow diagram in the establishment and operation of Ilinge Labahlali. Existing hostel committees created a platform on which the co-operative could work. This gave the co-operative immediate approval from the residents in the area. Private companies held meetings with committees rather than with hostel residents, which made it easier for negotiations.



MODEL 10: ILINGE LABAHLALI OPERATIONAL MODEL

Source: Compiled by the researcher, 2009

The co-operative model that Ilinge Labahlali has implemented, is a typical Primary Co-operative. In this case membership was established at grass root level.

The Ilinge Labahlali Operational Model shows a flow diagram of the structure and operation of the housing co-operative. Existing hostels were used as the foundation for the establishment of the housing co-operative. Due to existing hostel community structures with hostel committees in place, communication with hostel residents was possible without establishing new committees. These committees were responsible for creating saving groups who automatically became the leaders of the hostel committees. The Board of Directors were formed by representation of each hostel committee and are actively involved in the day-to-day operation. This structure makes it possible for the co-operative to have a transparent co-operative structure with immediate access to housing co-operative members.



MODEL 11: Ilinge LABAHLALI MODEL

Source: Compiled by the researcher, 2009.

The Ilinge Labahlali Model corresponds with the model implemented by the Masisizane Women's Housing Co-operative. Masisizane is also a grass root organisation which is supported by the different Provincial Departments. The only difference is that Ilinge Labahlali applied for a consolidation subsidy and Masisizane for the institutional subsidy due to the difference in tenure: Masisizane obtained immediate ownership and Ilinge Labahlali has not.

The researcher's observation has shown that it is evident that when a co-operative is established in the community rather than through an outside organisation, that this form of co-operative is more successful than its counterparts. It is less complicated and although

slow, it creates experience over a period of time. Co-operative members also acquire invaluable management skills. Although the SHF stated that a co-operative model where tenants have complete control over the decision-making process, is not viable unless tenants show commitment, stability and understanding of governance issues, Ilinge Labahlali implemented a successful co-operative model. This was done through a process of participation with all stakeholders and role players, but most important with all the beneficiaries of the co-operative. The case study has confirmed the value of participatory planning principles as defined by Theron (2009).

4.5 Project status

Ilinge Labahlali Housing Co-operative was registered as a housing co-operative on 9 September 2002, with the aim to house 274 families in 274 units. The project was developed in six different stages, namely:

Stage 1: 30 units

Stage 2: 40 units

Stage 3: 50 units

Stage 4: 54 units

Stage 5: 50 units

Stage 6: 50 units

The last stage, stage 6 is currently being built and the last members of the co-operative will take occupation before December/Christmas, 2009. The near finishing of the project means that the Co-operative Centre (which served as an office, meeting room and storage room) must be moved as the centre was occupying one of the residential units. The architects in consultation with the co-operative decided to build a new Co-operative Centre.

Some of the private companies who have owned the hostels before, donated money for architect- and planning fees. An unanimous decision was taken that the balance of the donated money was to be used for overall development and the building of the new Co-operative Centre.

As a result of the success of phase one (stages one to six), the consultants are currently preparing phase two comprising of 324 units to accommodate the same number of families. According to Wicht (2009), architect and community facilitator, the second phase will be completed faster than the first phase, based on the experience and knowledge the co-operative have gained over the past seven years.

4.6 Conclusion

The co-operative model as described in Chapter 4.4, Model 11, can be described as a successful implementation model for co-operatives. It is unsure what the management model would aspire to, as the management of Ilinge Labahlali Housing Co-operative has not as yet been tested. Management will be tested in the near future with regards to payment of rates and services, maintenance cost and monthly fee collection. According to a 2008 report by the Quebec Ministry of Economic Development, Innovation and Export the survival rate of co-operatives in Québec, Canada was 62 per cent after five years and 44 per cent after 10 years (Ontario Co-operative Centre, undated).

Service fees (such as water and sewerage charges) have not as yet been activated. Residents who have moved in during the first phase, are paying on an ad hoc basis at the moment and the co-operative strength and management skills will be tried and tested once all the units are completed. This is where on-going support from the Local Authority will play a vital part in the success of the co-operative. Management and the collection of fees are a complicated and administrative function which the co-operative will have to implement and manage.

Ilinge Labahlali Housing Co-operative has shown that with careful planning and budgeting housing co-operatives can succeed in South Africa. It is however unfortunate that a lack of financial support (albeit from private companies/Government/NGO's) certain goals cannot be reached.

As conclusion it is the view of the researcher that the sustainability of Ilinge Labahlali Housing Co-operative in the next two years will depend on institutional support. It is imperative that the housing co-operative receives support to organise and implement the following:

1. A Housing Support Centre, well equipped to enable the co-operative to run a support system to co-operative members and labourers. It should also function as an administration office with administration systems in place with regards to compliance to the different Acts impacting on housing co-operatives.
2. A tools library to equip unemployed local residents whilst being trained in necessary building trades and skills.
3. Compliance to the Occupational Health and Safety Act: Housing co-operatives following the PHP route must comply with the Occupational Health and Safety Act. As explained in 4.3.3 previously this is costly and housing co-operatives will find it extremely difficult to comply due to budget constraints. Funding with specific reference to compliance is necessary and urgent.
4. Training and Support: Post on-site training and support is required to consolidate and establish hand-on skills. The three months CETA training programme in various building methods and trades provide on-site training, but post support to these labourers are necessary to ensure that they can enter the formal employment market. Training and support for project management is also required in the form of the design and establishment of systems, policies and procedures of the operation mechanisms and the management of the PHP construction process.

Taking the above into consideration, housing co-operatives should and must receive financial support from Government to ensure sustainability, acquiring much needed skills and creating job opportunities for local residents.

CHAPTER FIVE

CONCLUSION

5.1 Introduction

Housing co-operatives were registered as a means to housing delivery in communities promoted by Government and Government agencies. In Chapter 1 of the Department of Trade and Industry's "*Guide to the South African Co-operatives Act 2005*" (DTI, 2005) the following is stated as the purpose of the Co-operative Act:

1. It will promote the development of sustainable co-operatives which follow co-operative principles;
2. It will encourage people to register co-operatives if they want to work together to help themselves;
3. It will make sure that all relevant Government agencies set up support programmes for the development of co-operatives. Government agencies will be expected to support co-operatives (National Empowerment Fund, South African Local Government Association, Sector Education and Training Authorities, Social Housing Foundation to name a few);
4. It will ensure that all spheres of Government will support co-operatives and follow an uniform approach to co-operatives; and
5. It will ensure that all spheres of Government work in a coordinated way to assist co-operatives by making sure that all relevant Government agencies involved in co-operatives work through the DTI (2005: 8).

Taking the above into consideration, housing co-operatives should receive technical support, training, capacity-building programmes, local-, provincial- and national support to become a viable entity to provide housing in local communities.

Although only eleven housing co-operatives could be contacted, the issue of support was raised by all with the exception of two housing co-operatives in the Western Cape. Surely when Government encourages the establishment of housing co-operatives, the support

structures should be in place before encouraging communities to register housing co-operatives.

It is evident from the researcher's observation and interviews that the DTI is not in a position to support existing housing co-operatives. The absence of complete and thorough up to date records, made it impossible to determine the total number of co-operatives and if they are still active. Incomplete data kept by the DTI, makes it also impossible to make contact with co-operatives nationally and hence the huge amount of co-operatives being de-registered every month. Notices are sent to co-operatives, but research showed that the addresses on housing co-operatives are either incomplete or do not exist anymore. Letters and questionnaires were sent to housing co-operative which appeared on the pre 2007 list, of which no reply was received (Refer Section 1.4: Limitations of the study). This makes it impossible for the DTI to determine the active co-operatives on the list. Systematic out phasing of these co-operatives seem to be the only option.

The fact that Ilinge Labahlali Housing Co-operative does not appear on the DTI's register of co-operatives also raise some concerns. Ilinge Labahlali Housing Co-operative is an active housing co-operative with active members who display the true principles of co-operative tenure. Though slow in delivery, Ilinge Labahlali Housing Co-operative has showed that grass root housing co-operatives can succeed. It must be noted that a notice was published in the Government Gazette in 2007 whereby it requested documentation from Ilinge Labahlali to prevent them from being de-registered. Nowhere could any notices be found where they have been removed from the register. The researcher contacted Ilinge Labahlali Housing Co-operative to inform them about the notice and they have since sent the appropriate documentation to the DTI as requested by the notice.

Record keeping by the Department of Trading also poses another problem. Most of the housing co-operatives Chief Executive Officers and/or secretaries are homeless and does not have registered addresses. The addresses on the documentation presented at registration were completed by external agencies/community workers/political parties. This means that once the external assistance left the community, the address is not valid anymore. Most of the members of co-operatives would not read the Government Gazette nor would have access to it. There is no way that they will even know that a notice was published. This indicates poor communication processes.

Types or categories of co-operatives were confusing. With the pre- 2007 documents received from the DTI a total of 465 different categories were listed. The new lists received after pre-2007, makes it even more confusing as the categories are ranging from one word to two paragraphs. This makes it impossible to divide the co-operatives into categories to determine which Governmental structures should support the different co-operatives.

The researcher conducted a thorough study of the types of co-operatives which are listed on the Department's pre-2007 lists as provided in January 2009. It was only in September 2009 when certain issues on the lists provided were queried, that the Department released the lists after May 2007. Taking into consideration that the pre- 2007 lists contained the names of 7385 (before de-registered co-operatives were deleted) this list represents 72 per cent of categories listed in co-operative registration application forms.

Most common categories on these lists were:

- Trading (1520 co-operatives)
- General (1413 co-operatives)
- Farming (1233 co-operatives)
- Primary Trading (247 co-operatives)
- Services (233 co-operatives)
- Home Industry (217 co-operatives)
- Catering (183 co-operatives)
- Sewing (174 co-operatives)
- Manufacturing (169 co-operatives)
- Construction (134 co-operatives)
- Transport (94 co-operatives)
- Financial (74 co-operatives)
- Poultry (69 co-operatives)
- Building (59 co-operatives)
- Agriculture (35 co-operatives)

The different types of co-operatives indicate that categories are not clearly defined, for example “construction” and “building” should be the same category, as well as for “agriculture” and “farming”. Many examples exist to this effect.

Housing Co-operatives (except for the two housing co-operatives in the Western Cape) showed signs of despair, due to a lack of support. All the contact persons contacted by the researcher displayed a willingness to make a difference in their community, alleviate poverty, creating jobs and believing that when a group of people work together, they can achieve more.

The Housing Co-operatives expressed their concern over the non-commitment of the three spheres of Government not showing any support or listening to their requests for assistance. Some of these co-operative members were recruited by personnel of the DOH, but once the co-operative was registered nothing was done. There are also dissatisfaction with the DTI due to the fact that co-operatives have requested registration certificates (needed before any negotiations can take place) but has not received it to date. One co-operative indicated to the researcher that original members of the co-operative were trained in capacity-building, administration and governance by the DOH when the Norwegian Government provided funding for the establishment of the co-operative. Once the Norwegian donor funding stopped, the training and support also came to an end.

With the exception of Ilinge Labahlali and Masisizane, all co-operatives which were established by external interference, are struggling to keep the co-operative alive and active.

The Kloof Domestic Workers Housing Co-operative has applied the general principles of the Housing Act (RSA, 1997) namely being a body which are community-based, making an effort to fulfill their own housing needs and the empowerment of the community. After six years of struggling with the DOH and the Local Authority, the future of Kloof Domestic Workers Housing Co-operative is bleak and at this stage just another failed project due to the lack of support from Government.

The only shortcoming is the “National, Provincial and Local spheres of Government’s encouragement and support, assistance in accessing land, services and technical

assistance, transferring of skills, and the empowerment of the community". Also the absence of making use of "public money available for housing development in a manner which stimulates private investment in, and the contributions of individuals to, housing development" (Housing Act, 1997).

Ilinge Labahlali Housing Co-operative experienced the opposite, with the City of Cape Town as their partner and continuous support (after Rooftops Canada withdrew) they have reaped the benefits of their hard work.

5.2 Recommendations

In 2004 the Government stated in the Co-operative Development Policy that a favourable, legal, economic, administrative and institutional environment will be created to assist co-operatives. One of the general principles applicable to housing development in the Housing Act (Act 107 of 1997) stated that:

"National, Provincial and Local spheres of Government must encourage and support individuals and communities, including, but not limited to co-operatives, associations and other bodies which are community-based, in their efforts to fulfill their own housing needs by assisting them in accessing land, services and technical assistance in a way that leads to the transfer of skills to, and empowerment of, the community" and "use public money available for housing development in a manner which stimulates private investment in, and the contributions of individuals to, housing development."

Government also intended to establish an enabling framework for the promotion of co-operatives through legislation with specific reference to the provision of legal assistance to ensure that registered co-operatives comply with the laws and regulations applicable to co-operatives. A Co-operatives Development Fund was to be established for technical assistance, capacity-building and support measures and alignment of different departments to give financial and other support to co-operatives as well as a Co-operative Enterprise Development Unit which will co-ordinate various Government departments dealing with co-operatives. Training and education as well as designing uniform training materials would be made available to co-operatives.

Between 1998 and 2004 the co-operative sector in South Africa received donor funding from international funding organisations and the South African Government through legislation attempted to establish new ground for economic and social development through the advocating of co-operatives.

The co-operative principles, based on the values of self-help, democracy, equality, equity, self-responsibility and solidarity based on ethical values of honesty, openness, social responsibility and caring for others, can play a significant role in housing delivery as proofed in other countries across the world. In South Africa this seems to be just another avenue Government has tried to secure tenure for the majority of the country's already impoverish homeless citizens, but failed.

Balanced community life is essential to ensure long term viability in any society. Opportunity of choice and involvement is essential in the initiation of the establishment of a housing co-operative provided that the processes to reach community or individual goals are in place. The degree of consultation between members of the community and the level of community acceptance is paramount to the success of any housing co-operative. Unfortunately when communities have implemented the above, but the systems to reach their goal is not supportive nor in place, housing co-operatives in South Africa will always experience a dead lock or even a dead end in their efforts to work together to achieve their common goal.

For housing co-operatives in South Africa to succeed, the following is recommended:

1. With reference to the research question in Section 1.2, the development co-operative model (grass root level model) in South Africa proves to be the most applicable to self-help communities, providing that role players such as local authorities and private entities (albeit international donor agencies and/or private local companies) form a partnership with the co-operative. Examples of these are Ilinge Labahlali Housing Co-operative where a three way partnership was formed with Rooftops Canada and the City of Cape Town; Masisizane Women's Housing Co-operative where Rooftops Canada, Department of Housing and the Provincial Housing Board played a significant role in the success of the housing co-operative.

In the case of Masisizane the co-operative was used as a vehicle to achieve a common goal. For the housing co-operative sector to succeed in South Africa, the researcher recommends that the Model of Ilinge Labahlali Housing Co-operative and Masisizane Women's Housing Co-operative should be considered for current registered housing co-operatives. Once these co-operatives have reached their goals and the South African housing co-operative sector has a history of successful grass root housing co-operatives, the more complex route of other forms of housing co-operatives can be explored. Reasons for this being that other forms of housing co-operatives such as the Norwegian Model (Mother and Daughter Model) proved to be too complex as per the study in Section 3.4.

2. It is imperative that the DTI implement a systematic record keeping system with administrative personnel who are legally informed of what types of documents are required and how it should be completed. The study showed that different co-operatives were registered by the same persons, with the same addresses and contact details which no longer exist. The researcher assumes that co-operatives, if they had the ability to pay the registration fee, were registered on a first come, first serve basis regardless of the name, type, business plan and constitution of the co-operative. The fact that there are so many co-operatives with the same name, registered in different Provinces, reflects the carelessness of the registration process of co-operatives in South Africa.
3. Housing co-operatives cannot be viable and sustainable without the support and co-operation of the Local Authority in the area. Connected services (water and sewerage) to units in housing co-operatives are just as important to the housing co-operative as it is to collect the fees for the delivery of these services. If local authorities are not part of the development process of housing co-operatives, it will create problems as were indicated to the researcher at Kloof Domestic Worker Housing Co-operative and at the East London Management Housing Co-operative. Local authorities should be part of the negotiation process right from the start to eliminate problems later. Local authorities should also form part of the planning committee and make expertise available as the management and collection fees are a complicated and administrative function which co-operatives will have to

implement and manage. Local Authorities should assist their local communities and housing co-operatives especially with regards to capacity-building and assistance as civil servants of the communities they serve. This can include a release on high service fees on vacant land before the housing co-operative has started building their units.

Local authorities form part of a holistic system of governance in South Africa. It must fulfill its responsibilities as part of the three tier Government system working together as a team.

4. Sustainable support to housing co-operatives is imperative for long term survival of housing co-operatives. International assistance with specific reference to Norway and Rooftops Canada is invaluable for the formation and development of housing co-operatives, but more importantly the likes of the Norwegians and Canadians should rather train and empower Government department officials to enable them to carry on with sustainable support after the housing co-operative was established. Government officials can then adapt the knowledge they received to the South African form of housing co-operatives. It is important that officials should be well trained on national, provincial and local level. (Refer Figure 5.1: Housing Co-operative Support Structure). This answers the question if co-operatives could be sustainable without Government support as stated in Section 1.2.
5. Although South Africa received donor funding from international funding organisations to establish and develop housing co-operatives, the researcher found that not one of the housing co-operatives interviewed, received any benefit from the funding. Based on the researcher's interpretation, Government should annually budget for funding of a functional, well managed housing co-operative department and use international expertise, rather than donor funding, to train and capacitate this department through technical and administrative assistance. Housing co-operatives will have access to civil servants whose main job description is to develop and capacitate housing co-operatives who show a willingness to fulfill their own housing needs. This department and sub-departments should assist them in accessing land, services and technical assistance.

The Indian Co-operative Housing Movement as presented by the researcher in Section 2.4, has shown that National Government together with Provincial- and Local Governments could create synergy and co-operation between the different Government structures. The researcher recommends that National Government should take control and responsibility for the capacitating of civil servants working with co-operatives. This will create a sustainable and viable housing co-operative sector.

6. A proper training centre should be established for the training in administration-, financial and technical processes to enable housing co-operatives to assist their members with these important issues when managing a housing co-operative. It is the responsibility of the board members of co-operatives to inform and assist their members. The only way to ensure that this happens, is to provide housing co-operative board training to board members and one member identified by the housing co-operative to fulfill the training role at grass root level.

The SLU-SVP Co-operative in the Philippines is a prime example of this as described in Section 2.4.3. Poor governance (Sharma, 2008: 63) is one of the main eight reasons why co-operatives fail or show poor performance as presented in Section 1.2.

In the case of Ilinge Labahlali Housing Co-operative, a co-operative centre is being built. In this case the centre can be utilised not only for administrative functions, but can also act as a multi-purpose centre for training and information. Co-operation is needed with other housing co-operatives albeit a multi-purpose centre as the one being built at Ilinge Labahlali Housing Co-operative to serve as a starting point for other potential co-operatives such as consumer-, credit- or housing co-operatives. Co-operation between co-operatives strengthens the co-operative principles.

7. The DTI, the authoritative body of co-operatives in South Africa should categorize co-operatives, and especially with reference to housing co-operatives to enable them to identify other Government bodies which should be involved in the housing delivery process. This confirms UN Habitat's (2005) stance that considerable assistance is required to enable co-operatives to fulfill their potential. A national

framework of institutional support, the emergence of support organisations and the development of a financial system must be in place as stated in Section 2.3.

These different departments must work closely together and establish a housing co-operative support group where applications are scrutinized and roles and responsibilities of each for the specific housing co-operative are identified. Consultation must take place between the National sphere of Government and information must be given to each applicable Provincial Government committee. Provincial Government must establish contact with municipalities who must take the responsibility of communication and support at grass root level. It would benefit all parties involved if existing community workers can be involved, educated and trained in co-operative legislation as well as civil servant responsibilities and supporting community groups who wish to form a co-operative. This means that the formation of housing co-operatives will follow a bottom-up approach, but the success and institutional viability of the co-operatives will follow a top-down approach.

Horizontal and vertical communication between the three levels of Government to deliver a better service to housing co-operatives is the most important aspect in the development of the housing co-operative sector in South Africa.

The following organisational structure (See Figure 5.1) can summarise the above:

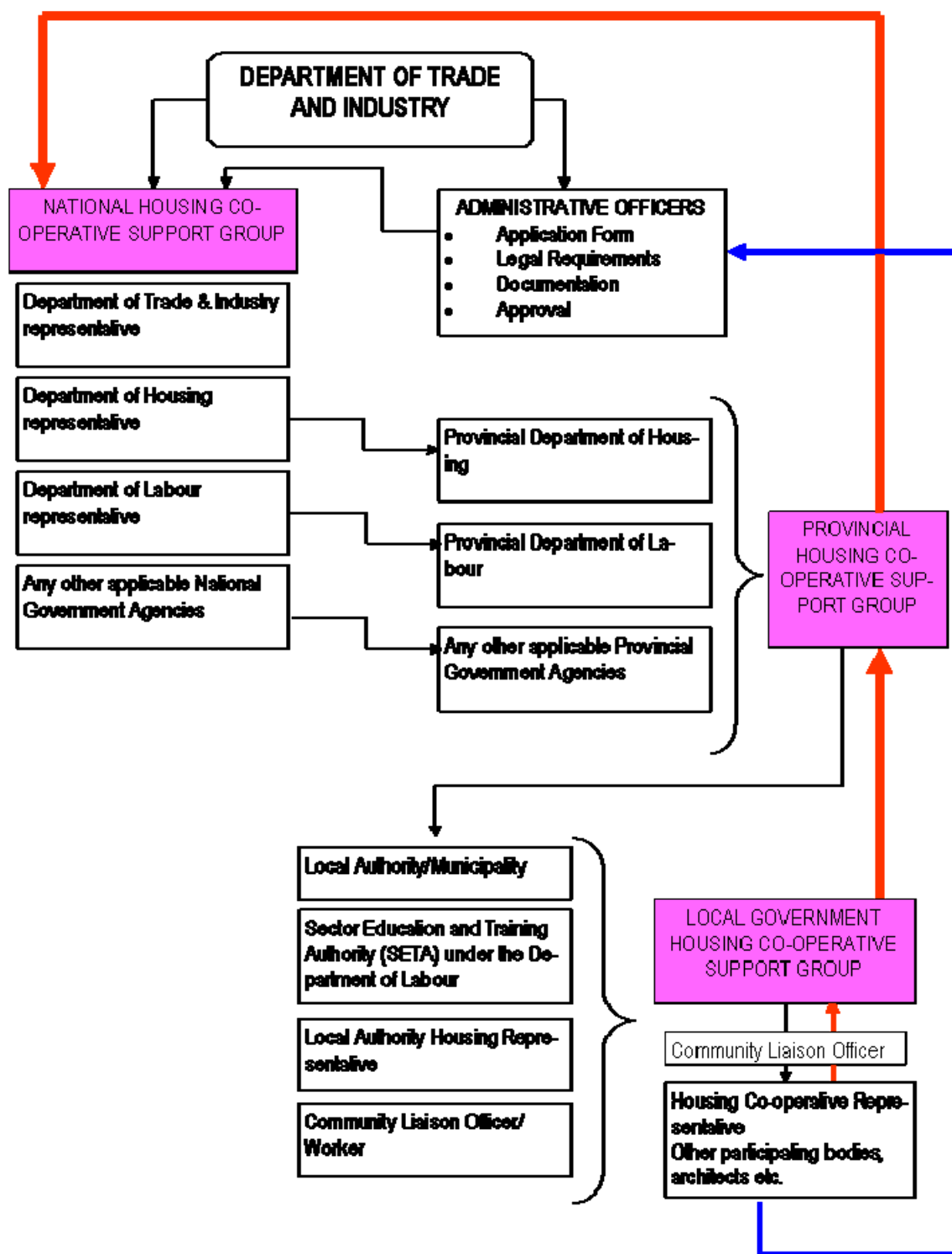


Figure 5.1: HOUSING CO-OPERATIVE SUPPORT STRUCTURE

Source: Compiled by the researcher, 2009

8. Housing co-operatives should be promoted among all income and population groups in South Africa, with the same benefits and same criteria. Housing co-operatives can benefit young professionals or students who cannot get access to the property market and can use the co-operative vehicle as entry to the property market. It can follow the same route as the American housing co-operative model where students form a co-operative and with the help of a first time home ownership subsidy “buys” membership in a co-operative building. Once the young professional or student has entered the employment market and can afford a mortgage bond from a financial institution, he/she can sell his/her membership to an incoming young professional to obtain the much needed deposit on property.
9. The researcher recommends that new housing co-operatives should not get priority above current housing co-operatives. If only eleven housing co-operatives could be contacted by the researcher, then this is where one should start. All these co-operatives displayed a willingness to proceed with the housing co-operative and believe in co-operative principles.
10. International donor agencies should be encouraged to provide technical expertise as well as training in co-operative principles, capacity-building, governance, record keeping and budgeting until a full training co-operative department can be operational providing that much needed training replace international donor agencies.

5.3 Concluding remarks

The Constitution of South Africa (Act 108 of 1996) states that it is the object of local Government to “encourage the involvement of local Government to encourage the involvement of communities and community organisations in the matter of local Government”. This requires a co-operative approach, and “effective partnership” where “local authorities.. provide strong leadership for their areas and their communities”. (IDASA: Undated).

The Constitution (1996) also refers to various obligations such as the monitoring, support, regulation and supervision by Provinces of municipalities. This is defined in legislation by

the Municipal Structures Act (Act 117 of 1998) and the Municipal Systems Act (Act 32 of 2000) and other national legislation.

Chapter 7 of the Constitution (1996) gives Provincial Government very specific obligations and powers in respect of municipalities. The provisions dealing with the issue of provincial oversight (monitoring and support) are found in sections 154(1) and 155(6) and (7). The power to supervise municipalities is found in section 139 (Mettler, 2006).

If all three tiers of Government can work together as the Constitution (1996) stipulates, Provinces overlooking and supporting Local Governments and National Government in providing the overall monitoring of the housing co-operatives, most of the challenges which housing co-operatives are experiencing will be overcome.

Housing co-operatives should be a community-based initiative to empower communities. A three way strategy approach would be the ideal scenario where all spheres of Government is involved, facilitating a process of community empowerment through community stakeholders, supporting of viable development projects and capitalising on these projects to open opportunities to new entrepreneurs.

This means that housing co-operatives can be used as a vehicle for housing delivery but also as a facilitator to create jobs and facilitate entrepreneurial development. The co-operative concept can empower and involve local residents, once resources such as finance and support structures are in place.

Housing co-operatives might not be the fastest way to housing a nation, but will re-enforce ownership-pride, development and a better future for all involved.

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Addition to Bibliography

LIST OF NATIONAL GOVERNMENT GAZETTES		
NO	DATE	NOTICE NO
32632	16 October 2009	1381, 1382 of 2009
32615	9 October 2009	1347 of 2009
32600	2 October 2009	1302 of 2009
32581	25 September 2009	1276 of 2009
32567	18 September 2009	1239, 1243 of 2009
32483	14 August 2009	1073, 1076 of 2009
32462	7 August 2009	1042, 1045, 1049, 1050, 1051, 1052, 1053 of 2009
32443	31 July 2009	1021 of 2009
32338	26 June 2009	903 of 2009
32233	22 May 2009	564 of 2009
31798	23 January 2009	29, 30, 34, 37, 38, 42, 43, 44 of 2009
31715	19 December 2008	1552, 1553, 1554, 1555, 1556, 1557, 1558 of 2008
31680	12 December 2008	1525, 1526 of 2008
31657	5 December 2008	1497 of 2008
31625	28 November 2008	1448 of 2008
31583	14 November 2008	1398 of 2008
31563	7 November 2008	1376, 1379, 1383 of 2008
31535	31 October 2008	1307, 1308, 1309, 1310, 1311, 1313, 1314, 1315, 1316, 1317, 1318, 1319, 1320, 1321, 1323 of 2008
31389	5 September 2008	1058 of 2008
31359	29 August 2008	1034 of 2008
31322	15 August 2008	968, 978, 981, 984, 986 of 2008
31190	4 July 2008	801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813 of 2008
31145	20 June 2008	752 of 2008
31107	6 June 2008	694, 696, 699, 700, 703 of 2008
31041	16 May 2008	574, 575, 576, 577, 578, 580, 581, 582, 583, 588, 589 of 2008
31021	9 May 2008	527, 530, 531, 532, 534, 551, 553, of 2008
31005	30 April 2008	514, 515, 516 of 2008
30917	4 April 2008	405, 407, 408, 409, 411 of 2008
30805	29 February 2008	288 of 2008
30756	15 February 2008	219, 220, 228, 231, 232, 233, 234, 235, 240 of 2008

30721	8 February 2008	161, 163, 164, 165, 166 of 2008
30637	7 January 2008	6, 7 of 2008
30413	2 November 2007	1356, 1357, 1358, 1359, 1360, 1361 of 2007
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29716	23 March 2007	338, 339, 340, 341 of 2007
29689	16 March 2007	261 of 2007
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29611	16 February 2007	119, 122, 157 of 2007
29586	9 February 2007	94, 96, 97, 102 of 2007
29558	2 February 2007	63, 64 of 2007
29535	19 January 2007	21, 22 of 2007
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29033	21 July 2006	971 of 2006
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29457		1793

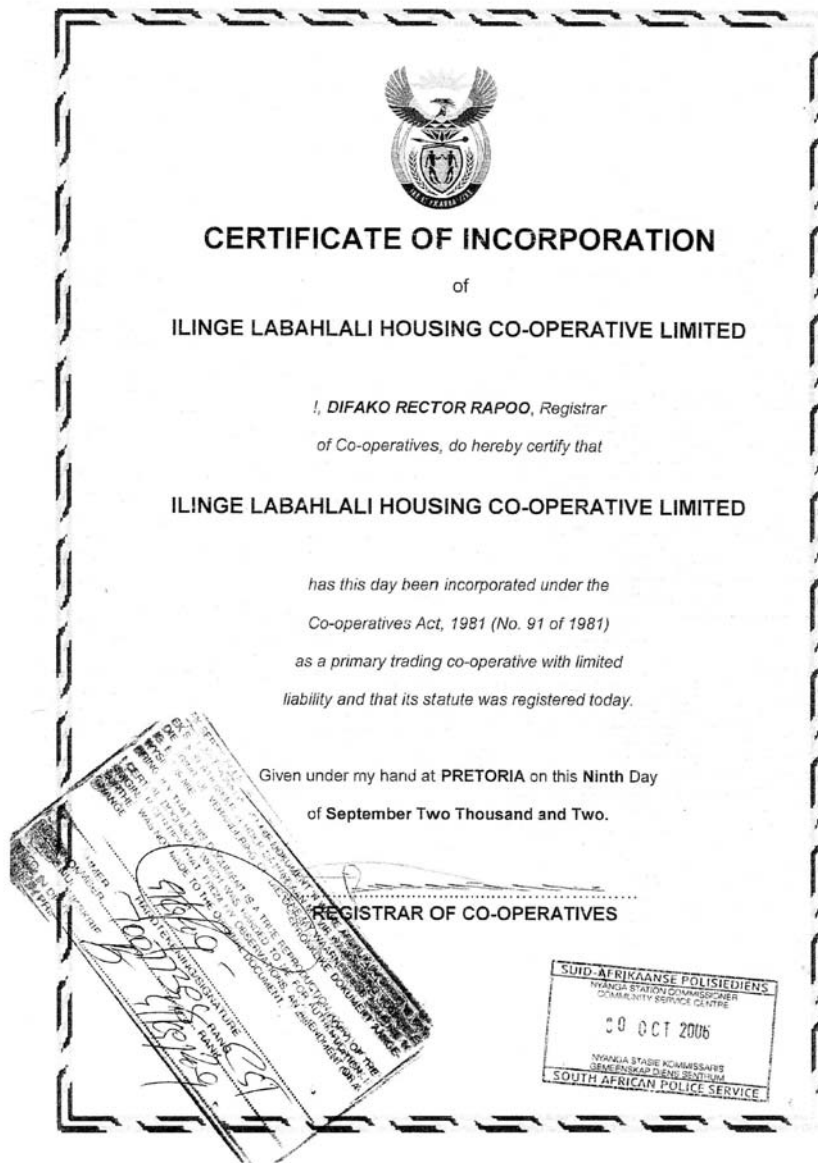
APPENDIX 1: LIST OF SOUTH AFRICAN HOUSING CO-OPERATIVES

Name of Housing Co-operative	Type	Province
BEKEZELA HOUSING CO-OPERATIVE LTD	General	Gauteng
BOKGONI CONSTRUCTION HOUSING AND TRANSPORT CO-OP	Trading	Gauteng
CASTLE BLANEY HOUSING CO-OP LTD	Housing	Gauteng
CHIVIRIKANI HOUSING CO-OPERATIVE LIMITED	Housing	Gauteng
DI SHUMELE U LITSHE U SEZA Vhangwe Transport, Construction and Housing Co-Op	Building / Construction	Gauteng
EAST LONDON HOUSING MANAGEMENT CO-OP LIMITED	Housing	Eastern Cape
EASTLEIGH COURT HOUSING CO-OPERATIVE LIMITED	Housing	Gauteng
EC HOUSING MANAGEMENT CO-OP LIMITED	Housing	Eastern Cape
ECO HOME HOUSING CO-OPERATIVE LIMITED	Housing	Eastern Cape
EMPANGENI COMMUNITY HOUSING CO-OPERATIVE LTD	Housing	KwaZulu-Natal
EMZINI HOUSING	To provide accommodation, Property Accommodation, Property development and renovation	Gauteng
ESTHER BARSEL HOUSING CO-OPERATIVE LTD	Housing	Gauteng
FREEDOM PARK HOUSING CO-OP LTD	Housing	Gauteng
HATFIELD HOUSING CO-OPERATIVE LTD	Housing	Gauteng
HLOBANE HOUSING CO-OPERATIVE LIMITED	Construction	KwaZulu-Natal
HOUSE OF LIGHT HOUSING AND OTHERS	Housing, Farming, Catering and other projects	Mpumalanga
IGUGU LIKA MUSI HOUSING, CLEANING AND ENVIRONMENT MANAGEMENT CO-OP	Trading	Mpumalanga
IKAGELENG HOUSING CO-OPERATIVE LIMITED	Housing	North West
IKETSETSENG HOUSING CONSTRUCTION	Housing Construction	Free State
ILINGE LABAHLALI HOUSING CO-OPERATIVE	Not on CIPRO List	Not on CIPRO List
INGQAYIZIVELE HOUSING CO-OPERATIVE LIMITED	Services	Kwazulu -Natal
INJONGOZETHU HOUSING	Housing Building Construction	Western Cape
ISANDLA SETHU HOUSING CO-OPERATIVE LIMITED	Construction	KwaZulu-Natal
ISIBUKO SETHU HOUSING CO-OPERATIVE LIMITED	Housing	KwaZulu-Natal
ITSOSENG HOUSING DEVELOPMENT CO-OPERATIVE LIMITED	Housing	Gauteng
JEANLAW COURT HOUSING	To provide houses	Gauteng

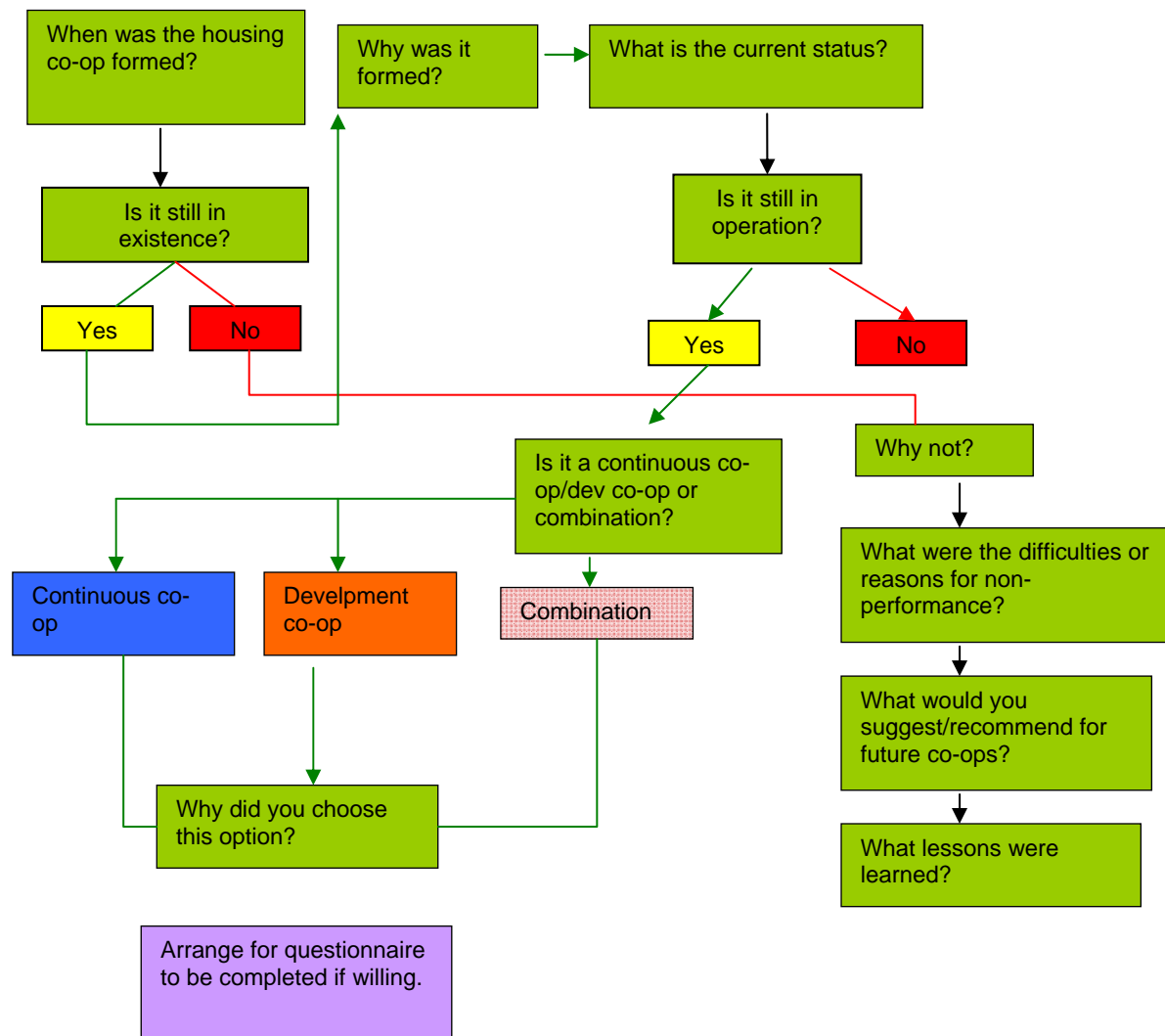
Name of Housing Co-operative	Type	Province
KAGISO HOUSING CO-OPERATIVE LTD	No category	No province
KGATELOPELE MA-AFRICA HOUSING AND PROJECTS	Promoting programmes and housing projects	Mpumalanga
KHANYA GARDENS HOUSING CO-OPERATIVE LIMITED	Housing	Eastern Cape
KLIPEILAND HOUSING AND CONSTRUCTION CO-OP	Housing and Construction	Gauteng
KLOOF DOMESTIC HOUSING CO-OPERATIVE LIMITED	Housing	KwaZulu-Natal
KOCH MANSIONS HOUSING CO-OPERATIVE LIMITED	Housing	Gauteng
KOSAMO HOUSING	Letting and Accommodation	Gauteng
MALEBOGO TRANSPORT CONSTRUCTION AND HOUSING CO-OP	Building / Construction	Mpumalanga
MARURU MAEBANA HOUSING	Construction, Building of Houses	Gauteng
MASIPHAKAME HOUSING	Building houses, hostels etc.	Western Cape
MASISIZANE WOMENS HOUSING CO-OPERATIVE LIMITED	Housing	Gauteng
MASUPATSELA VAAL YOUTH HOUSING AND MULTI-PURPOSE	Community Development	Gauteng
MILA HOUSING CONSTRUCTION AND DEVELOPERS CO-OPERATIVE LIMITED	Primary Trading	Eastern Cape
MOQHAKA TIRISANO HOUSING CO-OP	Building / Construction	Free State
NCILIBA HOUSING CO-OP	Building	Gauteng
NOMZAMO HOUSING PROJECT CO-OPERATIVE LIMITED	Construction	Eastern Cape
PEOPLE'S HOUSING FOR ECONOMIC EMPOWERMENT	Engage in building houses and buildings	Gauteng
PHAPHAMANG TRANSPORT, CONSTRUCTION AND HOUSING CO-OP	Building	Mpumalanga
PHUTHA LICHABA HOUSING AND CONSTRUCTION CO-OP	Housing & Construction	Mpumalanga
PHUTHANANG HOUSING CO-OPE-RA-TIVE LIMITED	Housing	Gauteng
RAINBOW HOUSING CO-OPERATIVE LIMITED	Housing	Western Cape
SAINT LUKES HOUSING CO-OP	Housing	Eastern Cape
SEHLOHO MOKONE HOUSING	Construction of new houses	Gauteng
SELIYABUYA HOUSING AND COMMUNITY DEVELOPMENT CO-OPERATIVE LIMITED	Housing	KwaZulu-Natal
SINAKO MADIBA BAY WOMEN IN HOUSING DEVELOPMENT CO-OPE-RATIVE	Trading	Eastern Cape
SIYADUDULA HOUSING CO-OP	Trading	Kwazulu-Natal
SIZOPHUMELELA HOUSING CO-OPERATIVE LIMITED	General	KwaZulu-Natal
SOUTH AFRICAN HOUSING CO-OPERATIVE ASSOCIATION LIMITED	Trading	Gauteng
STELLA SEGCAWU HOUSING CO-OPERATIVE LIMITED	Housing	Eastern Cape

Name of Housing Co-operative	Type	Province
TERRACE ROAD HOUSING	Housing	Gauteng
THATHAZONKE HOUSING	Building and construction, welding, painting, plumbing and other	Free State
TROYEVILLE HOUSING CO-OPERATIVE LIMITED	Housing	Gauteng
UMLAZI CONSUMERS & HOUSING CO-OPERATIVE LIMITED	Farming	KwaZulu-Natal
UMNYEZANE HOUSING CO-OP	Building	KwaZulu-Natal
UMQONDO HOUSING AND PROJECTS	Building constructions, Brick and tile manufacturing, Carpentry,	Gauteng
VEZULWAZI HOUSING AND CLEANING CO-OP	Housing & Cleaning	Mpumalanga
WINNIE NOMZAMO HOUSING CO-OPERATIVE LIMITED	Housing	Eastern Cape
ZWIDOFHELA HOUSING	Maintain and build houses	Gauteng

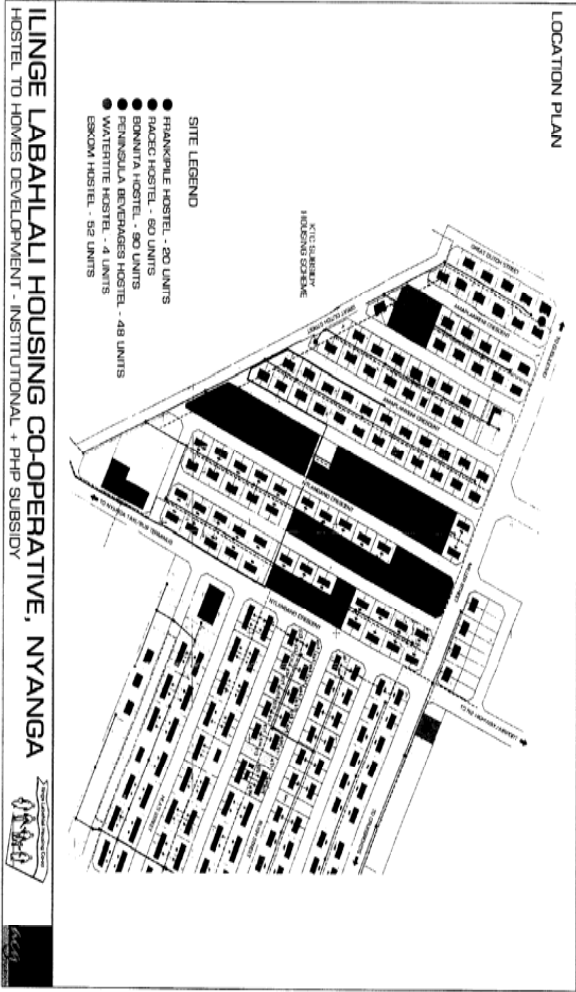
APPENDIX 2: ILINGE LABAHLALI HOUSING CO-OPERATIVE REGISTRATION CERTIFICATE



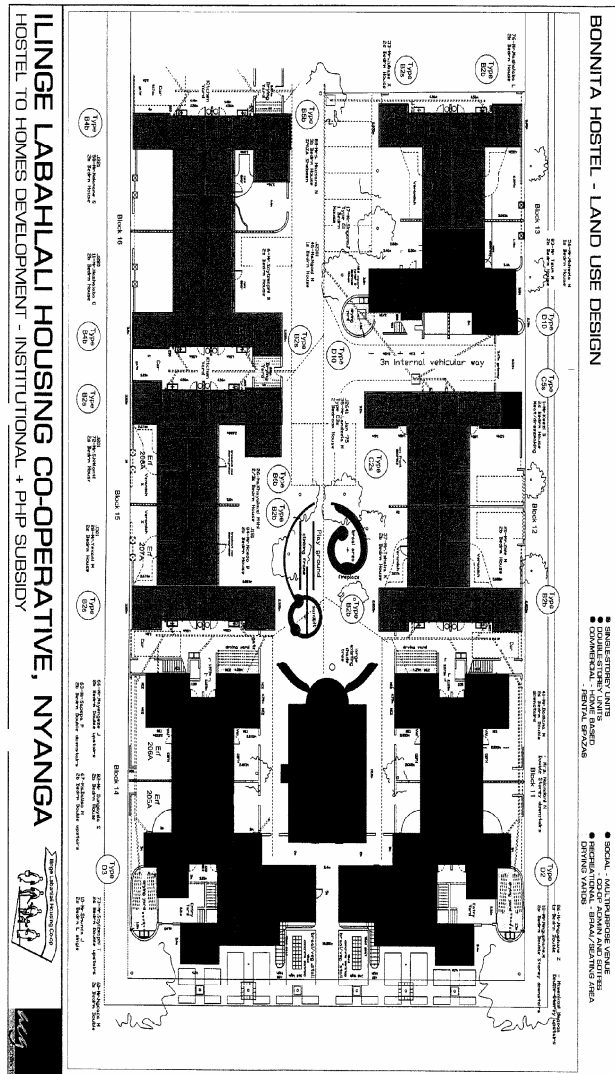
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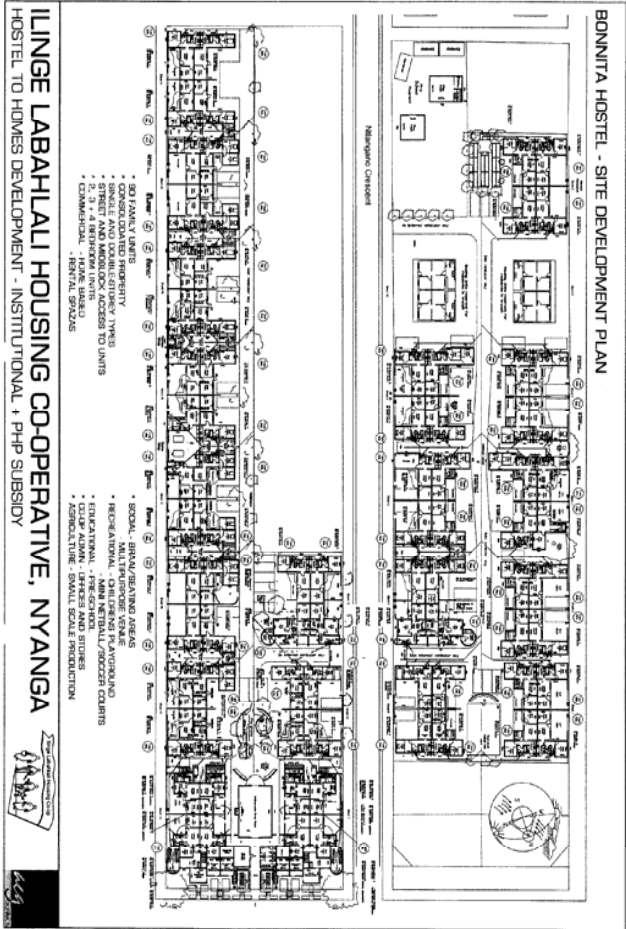
APPENDIX 4: ILINGE LABAHLALI HOUSING CO-OPERATIVE: LOCATION PLAN



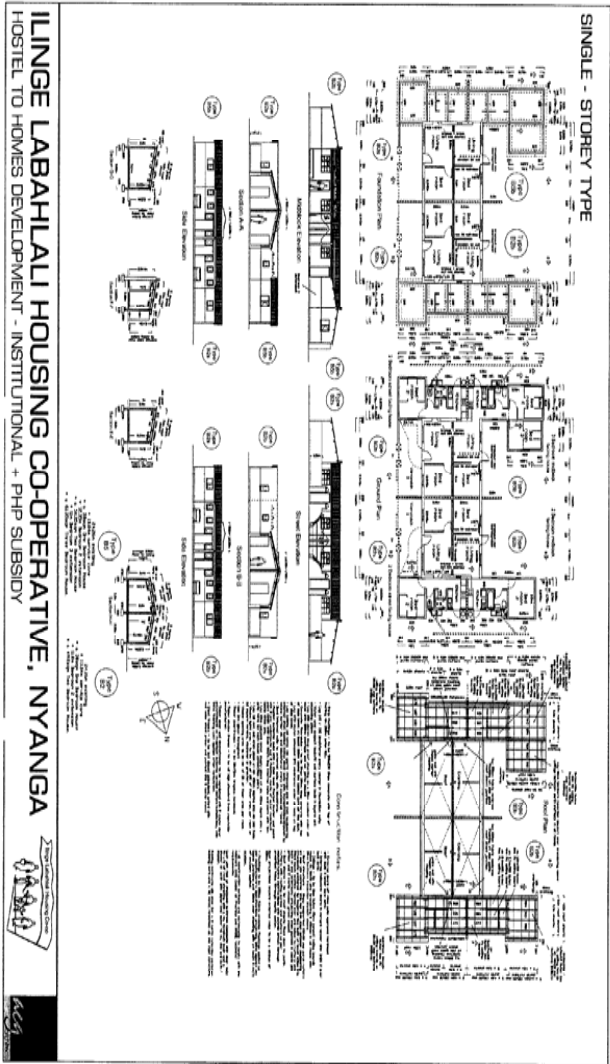
APPENDIX 5: Ilinge Labahlali Housing Co-operative: Bonnita Hostel Land Use Design



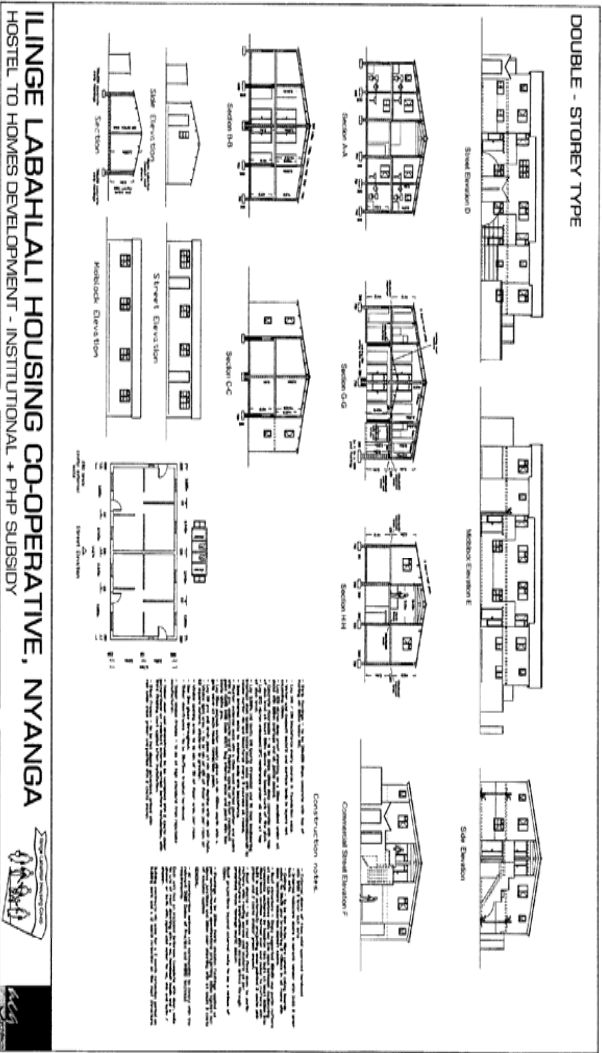
APPENDIX 6: ILINGE LABAHLALI HOUSING CO-OPERATIVE: BONNITA HOSTEL SITE DEVELOPMENT PLAN



APPENDIX 7: Ilinge Labahlali Housing Co-operative: Single Storey Type



APPENDIX 8: ILINGE LABAHLALI HOUSING CO-OPERATIVE: DOUBLE STOREY TYPE



APPENDIX 9: ILINGE LABAHLALI HOUSING CO-OPERATIVE: COMMERCIAL – RENTAL SPAZAS

