A MODEL FOR COOPERATIVE HOUSING DEVELOPMENT IN SOUTH AFRICA

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1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

“...The Troyeville success story should serve to demonstrate to the rest of the population of Gauteng how quality social housing projects located in suitable places can be provided at an affordable cost. Today members of the co-operative are in complete control of their environment and are in fact proud owners of better quality housing” ¹

The term co-operative is used to describe a group of people who collaborate voluntarily to meet common economic, social and cultural needs through a jointly owned and democratically controlled enterprise.

Agricultural and financial co-operatives have been around since the 19th century. Co-operative movements are strong in East Africa, Eastern Europe, the United States, Canada and South East Asia. In South Africa co-operatives are mainly agricultural and there is not a developed co-operative housing sector. There are only one or two legally registered co-operative in South Africa. This is partly due to legal reasons (co-operative tenure has only recently been recognise in legislation), cultural (individual ownership has been favoured) and practical (community-based approaches are small-scale and arbitrary compared to developer-driven initiatives). From a financial perspective, co-operatives in the United States can obtain commercial funding more readily than in South Africa where there are strict limits on the amount that can be borrowed from government.

¹ Quotation from the Gauteng Housing MEC’s address at the Launch of the Troyeville Housing Co-operative
1.2 CRITICAL SUCCESS FACTORS

In order to promote a viable co-operative housing sector in any country, including South Africa, there are three key areas that need to be present.

- **Cooperatives recognized in the housing policy.** The national or regional housing policy needs to recognize cooperative housing as one of the ways to address the housing problems. Ideally, this policy is prepared with the contribution of representatives of housing cooperatives.

- **Cooperative legislation.** Legislation for the formation, regulation, and operation of housing cooperatives should exist. New legislation due to be promulgated in early 2002 is aimed at promoting a vibrant housing co-operative sector.

- **Cooperative regulatory agency.** A cooperative regulatory agency, usually a public or combination public/private organization, needs to exist to authorize the formation of new cooperatives, including housing, and regulate their operations.

- **Housing finance.** Public and/or private financial institutions need to exist to receive the pre-occupancy savings of the cooperative housing members and provide the short-term construction and long-term financing to cooperative housing projects. Often low-income families receive a subsidy for the acquisition of a house. The subsidy has to be made available to cooperative housing projects for such families.

- **Cooperative housing technical service organizations.** These organizations, referred to as TSOs, provide a range of services to a group of individuals wanting to resolve their housing problem with cooperative ownership. A TSO can offer, for example, assistance on selection of land, the project design, and supervision of construction; education and training to the members, boards of directors and committee members on their respective responsibilities; securing of the short and long-term project financing; and project operations and management.
1.3 OVERVIEW OF THIS GUIDE

The various types of housing co-operatives are defined in Section 2, along with the eight cooperative principles. The principles include democratic control and open membership.

Section 3 is a summary of the processes and deliverables at each stage of development of a housing co-operative. Typically a housing co-operative is formed when a group of low-income people decide to collaborate to build housing units. Often they will engage a technical consultant to assist them. The first step in developing a housing co-operative is to establish the structure, roles and to register it as a legal entity. Next business plans are formulated including a needs analysis, assessing the affordability of the target market and agreeing on the vision and goals of the enterprise. The business plan forms part of the submission to obtain funding for the project that can be in the form of a grant, government subsidy (not repaid) or loan (repayable at negotiated interest rates over a long term).

Once funding and approval has been obtained, the next stage is to design and build the housing units. Land must be acquired and if necessary basic services must be installed, such as water reticulation, sewerage and electricity. Site plans and individual unit specifications must be drawn up: a professional builder or architect does this. The construction work can be carried out by a contractor or by supervised self-help teams of co-operative members.

The final stage is the management of the co-operative: the units and other improvements, green and common areas. The property must be repaired and maintained and this involves the members of the co-operative. Financial management is critical to the ongoing success of the co-operative so operational budgets are required to pay ongoing costs, principally the loan repayment, maintenance and utilities. Monthly charges are levied from the members to cover these costs. If there are too many vacancies or if the members default on their payments, the co-operative will not be financially viable.

Sections 4 to 8 describe the five development stages in detail with examples and references to other publications for further information.

Section 9 is on the vital topic of financial management. Finances, along with risk and capacity building, need to be collected and managed throughout the development process. In the planning phase estimates are made of the anticipated income (based on the member’s affordability analysis and the co-operative’s operating budget), capital expenses for building and operational expenses for maintenance, with provision for loan repayments. From this the amount of funding required can be calculated. During the construction of the units the project costs must be tightly controlled, especially if an external contractor is employed. The occupancy/management phase requires great financial prudence so that monthly charges are collected on time; bills are paid regularly including interest on the loan and local authority charges.

Section 10 describes the professional advisors and institutions that can assist you in the development of a co-operative.
The Annexes contain examples of the key documents in the process: co-operative statutes, development strategy, use agreements and maintenance plan.
2 WHAT IS CO-OPERATIVE HOUSING?

2.1 DEFINITIONS

A housing co-operative is a legal association formed for the purpose of providing housing to its members on a continuing basis. It is jointly owned and controlled by its members.

According to the new co-operative housing bill:

“co-operative means an autonomous association of persons or persons united voluntarily to meet their common economic and social needs through a jointly owned and democratically controlled enterprise, which is organised and operated on co-operative principles.”

Co-operative housing can take various forms and accommodate a range of tenure options, including rent, instalment sale, or sectional title. It can bridge the divide between individual ownership and rental housing and can be developed through such methods as social housing institutions, or through the People’s Housing Process.

Co-operative housing is usually aimed at providing affordable housing for low to moderate-income people. It can be applied to any range of income groups, from people living in high quality inner city new built housing, to very poor people coming together to build houses by self help or mutual aid.

2.2 PRINCIPLES

Co-operatives, including those for housing, share internationally recognised principles. The principles for housing co-operatives that are recognized in South Africa under the Co-operatives Act, 1981 (Act No. 91 of 1981) are illustrated in the diagram below:
Figure 1 The eight co-operative principles

<table>
<thead>
<tr>
<th>Democratic control</th>
<th>Open membership</th>
<th>Security of tenure</th>
<th>Member participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy</td>
<td>Education &amp; training</td>
<td>Co-operation</td>
<td>Inheritance</td>
</tr>
</tbody>
</table>

- **Democratic control by members**: The co-operative is run on democratic principles where each member has one vote.
- **Open and voluntary membership**: No discrimination, members are free to participate or to leave.
- **Security of tenure**: Members have the right to permanent residency as long as they respect the obligations of membership. Shared ownership puts the control of the housing in the hands of the residents.
- **Member economic participation**: Members of the co-operative contribute to, and share fairly, in the economic affairs of the co-operative.
- **Autonomy and independence**: The co-operative is free from outside interference in its internal affairs.
- **Education and training**: The co-operative builds the understanding and skills base of its members.
- **Cooperation among co-operatives**: Housing co-operatives work together with other co-operatives, including other forms of co-operatives such as producer or consumer co-operatives that promote co-operative principles in their work.
- **Concern for community and future generations**: The co-operative is also concerned about the well being and quality of life of non-members and the young who will inherit the houses and environment created by the co-operative.
2.3 Tenure

Co-operative housing is neither rental housing nor individual ownership. Members of a co-operative have the right of occupancy of a particular unit, rather than a lease or title deed to it. A housing co-operative is as a legal entity that owns the housing project: the land and improvement on it. Each member owns a share in that housing co-operative, and the co-operative signs a right of occupancy agreement with the member for his or her use of one of the co-operative’s units. made up of individual members, owns the houses themselves. The right of occupancy agreement describes the procedure that the member will follow if they leave the co-operative.

Figure 2 Differences between the various forms of social housing tenure

<table>
<thead>
<tr>
<th>Type of tenure</th>
<th>Who owns the property?</th>
<th>What use rights do residents have?</th>
<th>Residents payments</th>
<th>Potential for ownership in the long term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-operative</td>
<td>The co-operative owns the property. Each member has a share in the co-operative.</td>
<td>Co-operative members have exclusive and private use of a unit for as long as they fulfil their responsibilities as described in the right of occupancy agreement.</td>
<td>Co-operative members pay for co-operative membership, their share capital, and monthly user charges</td>
<td>Co-operative members will not be able to own their units unless the co-operative is dissolved &amp; the property sectionalised or the co-operative pays its mortgage in full.</td>
</tr>
<tr>
<td>Share block</td>
<td>The company (which is owned by the residents) owns the property. Shares are in the company</td>
<td>Residents have exclusive and private use of a unit for as long as the Co. exists</td>
<td>Residents pay for shares &amp; a monthly levy</td>
<td>Individual residents will not own their units unless the share block is dissolved and the property sectionalised</td>
</tr>
<tr>
<td>Rental (lease)</td>
<td>The social housing institution owns the property</td>
<td>Residents have exclusive &amp; private use of a unit for the term of the lease</td>
<td>Residents pay a monthly rental</td>
<td>The residents will not be able to own their units in the future</td>
</tr>
<tr>
<td>Rent to buy</td>
<td>The institution owns the property</td>
<td>Residents have exclusive &amp; private use of a unit for the term of the lease</td>
<td>Residents pay a monthly rental</td>
<td>After 4 years residents may exercise an option to buy.</td>
</tr>
<tr>
<td>Installment</td>
<td>The institution owns the property until it is</td>
<td>Residents have exclusive &amp; private use of their unit</td>
<td>Residents pay a monthly instalment and levy</td>
<td>Residents will own their unit on the date of</td>
</tr>
</tbody>
</table>

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2 From the Toolkit for Social Housing Institutions. SHF. 2000
Co-operative tenure is distinct from other forms of social housing in the following ways:

- **The right of inheritance:** The dependants of a member of the housing co-operative have the right to inherit that members’ share in the co-operative, with the approval of the co-operative’s board of directors, if they will occupy the unit.

- **Legal structure:** A co-operative is legal entity jointly owned and controlled by its members. Each member has a share in the co-operative, but it is the co-operative, which owns the property. Members have a right to live in a particular unit in accordance with the terms and conditions of the right of occupancy agreement they sign with their co-operative.

- **Exit repayment:** When a member leaves a housing co-operative, that member has a right to receive a percentage of the amount of money that she/he has contributed to the co-operative.

- **Tenure** See above 2.3 above

- **Membership:** Members have a share in their co-operative. Each member has a voice and vote in the decision making process of their co-operative. They can exercise this right in the Annual General Meeting of the co-operative and special meetings.

- **User charges and members’ equity:** All members contribute equally to the maintenance and operation of the housing co-operative. Members pay an amount to join the co-operative and monthly user charges. The distribution of the member’s equity in their co-operative when they depart the co-operative is described in the right of occupancy agreement.

- **Principles:** co-operative housing is developed and operated according to seven principles of co-operatives; the eighth principal of housing co-operatives is concerned with succession. See 2.2 above.

### 2.4 Types of Co-Operative

Housing co-operatives can take various forms.
2.4.1 Housing Management co-operatives

Members of housing co-operatives that are being developed or developed by the housing management co-operative form a housing management co-operative. In addition to developing, owning and managing housing co-operatives, the housing management co-operative has a programme of constantly developing new housing units for its members who join its waiting list. The completed units are grouped into individual housing co-operatives and allocated to approved members. These co-operatives are organised as independent housing co-operatives, but retain certain ties to the management co-operative, which created them. For example, the management co-operative may provide assistance such management services for the individual housing co-operatives.

Housing management co-operatives are classified as Tier 1 (or umbrella) institutions, to provide management services to member based institutions, according to the Social Housing Federation.

For example COPE in Gauteng, and East London Housing Management Co-operative (ELHMC) in East London are housing management co-operatives. Both of these institutions help establish housing co-operatives and provide development and management services to them.

2.4.2 Primary housing co-operatives

Primary housing co-operatives are usually of a fixed size, with houses developed on single (or adjacent) pieces of land. It is an independent and autonomous, not for profit, organization with a Board of directors as its governing and decision-making body. Each member has one vote. The co-operative holds title to its property. Members own a share in the co-operative and signs a right of occupancy agreement for use on one of the co-operative units. The co-operative collects monthly user charges from members, as described in the right of occupancy agreement, and manages the entire housing stock and green/common areas.

In South Africa these primary housing co-operatives are usually sponsored by the housing management co-operative, which act as their developer and provide management services. An example of a primary housing co-operative is the Newtown Housing Co-operative, which is the largest new-build housing co-operative in South Africa with 351 units. It has a Board of Directors. This co-operative has signed a Property Management Agreement with a housing management co-operative, COPE, under which the latter carries out the day-to-day management of the units on their behalf.

2.4.3 Independent Housing co-operative

Another type of housing co-operative is the more independent housing co-operative: formed on the basis of a single task to be performed by the co-operative on behalf of its members – such as housing delivery. They may choose to use the services of a housing management co-operative or another agency to help them through the development process.
The co-operative is established for mutual self-help purposes and to take advantage of bulk purchasing. Families come together, joining resources to maximise their housing value through economy of scale and self-help methods. Once the units are completed, families take individual ownership of their houses, but during the planning and construction phases, all the principles of housing co-operatives are observed for the mutual benefit of all the members. Once the units are built, then the only responsibility is for upkeep of the common areas, so the co-operative may dissolve. The collective feature is in the delivery of the task rather than in collective ownership of the outcome.

This is the type of co-operative that is developed under the People’s Housing Process Model, and uses individual subsidy, (or institutional subsidy if transfer of ownership to the beneficiary is delayed for 4 years).

According to the Social housing Federation, these last two types of co-operative can be classified as Tier 3, or tenant based institutions.

2.5 ADVANTAGES OF CO-OPERATIVE HOUSING

Housing cooperatives offer a unique form of homeownership to many families, community groups, churches, and local and national governments because they:

- **Provide permanent tenure to members.** Cooperative members, regardless of their income, are given the opportunity for permanent tenure – stabilizing their lives and their community.

- **Build community spirit.** Cooperatives help to foster a strong feeling of community among their members. The members learn to work together and form bonds with one another – by so doing taking control of their cooperative.

- **Build members skills.** Cooperatives offer their members a chance to develop leadership qualities and an opportunity to lead. Specific financial, maintenance, and managerial skills also develop among cooperative members in the course of their operation and management of their cooperative.

- **Lower operating and maintenance costs.** The members of a housing cooperative can take on responsibilities to help reduce the operating and maintenance costs of their cooperative. They can, for example, work on and with their elected board of directors and designated committees to care for the cooperative property they occupy and use and also the green areas of the cooperative, preserve and maintain the common property of the cooperative, and help with the management of the cooperative.
2.5 **Provide a positive community environment.** The members of a housing cooperative can be counted on to support reasonable programs to fight vandalism, reduce crime, reduce traffic nuisance and improve their environment in their cooperative community. The cooperative offers the members the mechanism to channel their energies and efforts to solve problems that they may confront such as inadequate trash collection, the need for additional urban services, and other problems. Cooperatives can exercise internal control to prevent speculation and illegal sale, sub-letting or transfer of houses.

2.6 **Demonstrate value of working together.** Housing cooperatives can demonstrate their members the value of group action to address a common problem. This will encourage them, and serve as a model, to use a group approach to resolve other common problems such as savings and credit, consumer, production and marketing and un- and under-employment.

2.6 **Expansion to other activities.** A co-operative provides a legal and organisational structure for expanding into other co-operative activities, such as income-generating businesses.

2.6 **Disadvantages of co-operative housing**

There are some negative perceptions of housing co-operatives, particularly if they are not run well. The disadvantages of a housing co-operative can include the following:

- **Lack of information and experience.** People interested in resolving their housing problem through a cooperative approach may not be able to find information on them or institutions, either public or private, with experience in organizing, building, operating and managing a housing cooperative.

- **Cooperative ownership.** Institutions and/or individuals in some societies do not readily accept cooperative ownership. Financial institutions may be reluctant in providing financing to single mortgage housing cooperatives. Individuals want to have “their” property, land and improvements, rather than be a member of a cooperative and have the use of one of its properties.

- **Lack of member participation in their cooperative.** Housing cooperatives are organized, operated and managed by their members. If the members do not actively participate in the general and special assemblies and fulfil their responsibilities for their co-operative, the co-operative will suffer and, in the extreme case, fail. Members need to receive training in their responsibilities and their cooperative’s structure and responsibilities.
2.7 RELATIONSHIP BETWEEN THE HOUSING MANAGEMENT CO-OPERATIVE AND THE HOUSING CO-OPERATIVE

2.7.1 Roles & responsibilities

**The Housing Management Co-operative**
- Responsible for the legal process for creating and registering housing co-operatives
- Provides the technical guidance, oversight and support for the development of co-operative housing projects
- Secures financing for co-operative housing projects from members, institutional subsidies, and financial institutions
- Establishes the membership fee and share value for the co-operative members
- Trains members and board members in housing co-operatives and their rights and responsibilities
- Supervises the construction of the co-operative housing project
- Manages the occupied co-operative housing project in accordance with the “Property Management Agreement”.
- Has the ability to sit on the Board of the Housing co-operative
- Trains the board members in the operation and management of their co-operative

**The Housing Co-operative**
- Recruits members
- Registers the property in their name (so it owns the property)
- Responsible for the collection of the monthly user charges from members
- Responsible for the repayment of loan to the lender
- Responsible for the payment for insurance, municipal service fees, and other charges.
- Is a member of the Housing Management Co-operative
2.7.2 Equity

The form of equity that a co-operative member is entitled to receive when they end their membership with their co-operative is described in the by laws and right of occupancy agreement. Typically, there are different forms of equity for housing co-operatives, as described below.

- **No equity**: The member does not receive any money from the sale of his/her unit. All equity on the property is retained by the co-operative.

- **Limited or Restricted equity**: The members receive a given percentage of the equity, defined in the by laws and the right of occupancy agreement, from the sale of his or her unit. The co-operative retains the remaining amount of equity in their property.

- **Market Equity**: when the member leaves s/he receive the full market value for their unit.
3 OVERVIEW OF THE PROCESS

Overview of Housing Cooperative development process

<table>
<thead>
<tr>
<th>Step</th>
<th>Establish Cooperative</th>
<th>Plan the business</th>
<th>Apply for finance</th>
<th>Design &amp; build</th>
<th>Manage Cooperative</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mobilise families</td>
<td>Assess market</td>
<td>Apply for grant/subsidy</td>
<td>Establish project</td>
<td>Conclude use agreements</td>
</tr>
<tr>
<td></td>
<td>Agree stature</td>
<td>Agree goals &amp; objectives</td>
<td>Produce technical proposal</td>
<td>Acquire land</td>
<td>Carry out maintenance</td>
</tr>
<tr>
<td></td>
<td>Register Cooperative</td>
<td>Set budgets</td>
<td>Obtain approval</td>
<td>Build units</td>
<td>Manage maintenance</td>
</tr>
<tr>
<td></td>
<td>Agree roles</td>
<td>Define marketing plan</td>
<td>Conclude agreement</td>
<td>Transfer ownership</td>
<td>Manage finances</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Manage members</td>
</tr>
</tbody>
</table>

Deliverables:
- Cooperative Statute
- Business Plan
- Technical Proposal
- Project plans
- Building design
- Land agreement
- Financial reports
- Maintenance plans
- Use agreements
1. **Establish co-operative**

   - Mobilise families who wish to build their own homes
   - Educate families in co-operative housing
   - Educate families in co-operative ownership
   - Approve membership in co-operative of qualifying families
   - Study and approve statutes
   - Select name of co-operative
   - Elect board of directors and designate committees
   - Register co-operative
   - Agree external and internal staff capacity (outsourcing policy)
   - Elect Housing Support Committee
   - Plan capacity building
2. Plan

1. Perform market assessment
   - Define need
   - Assess affordability
   - Review tenure options

2. Strategy
   - Define mission, goals and objectives
   - Establish operating policies

3. Finance
   - Agree capital and operating budgets
   - Define funding requirements
   - Identify risks and contingency plans
   - Model financial scenarios

4. Marketing
   - Perform stakeholder analysis
   - Outline marketing plan

---

Market assessment
- Housing needs
- Affordability analysis
- Tenure preferences

Strategy
- Mission, goals, objectives
- Operating policies:
  - Procurement
  - Tenure
  - Resident allocation
  - Member training
  - Pricing
  - Outsourcing
  - Development
  - Property administration & maintenance
  - Organisational development
  - Member participation

Finance
- Capital budget
- Operating budget
- Funding requirements
- Collection methods
- Risk management

Marketing
- Stakeholder analysis
  - Occupants
  - Members
  - Consultants
  - Government
  - Committee
- Awareness

Photo courtesy of Vanessa Vasani
3. Apply for finance

1. Apply for establishment grant, loan or subsidy
   - Apply for establishment grant, loan or subsidy
   - Produce technical/project proposal
     - Establish building guidelines and rules
     - Outline design and cost of units
     - Approve outline house designs
     - Submit project application and business plan to PHB

2. Produce technical/project proposal
   - Establish building guidelines and rules
   - Outline design and cost of units
   - Approve outline house designs
   - Submit project application and business plan to PHB

3. Agreement process
   - Approval of grant/project
   - Agree repayment terms (loans)
   - Conclude subsidy agreement between PHB and support organisation
   - Obtain approval for consolidation of subsidies
4. Design and build houses

1. Establish project
   - Develop invitation to tender for development work
   - Select developer and negotiate contract (or organise work groups)

2. Acquire land
   - Obtain land and development rights
   - Conclude land agreement and transfer land
   - Establish township if required

3. Build houses
   - Produce site development plans/engineering designs
   - Produce detailed unit specifications
   - Install service infrastructure
   - Receive progress payment of subsidies & grant
   - Build units
   - Carry out technical

Development tender
- Scope of work
- Design brief
- Timeframes
- Budget

Professional contract
- Terms of reference
- Quality plan
- Payment terms

Land availability agreement

Building design
- Site plan
- Service plan
- Unit specifications
- Material specifications & quantities

Implementation plan
- Project schedule & key milestones
- Deliverables
- Resources
- Risk analysis
- Project budget

Photo courtesy of Harmen Oostra
5. Manage co-operative housing projects

1. Manage units, common and green areas
   - Carry out scheduled maintenance
   - Carry out emergency repairs
   - Maintain common and green areas

2. Manage the co-operative
   - Prepare/monitor management budget
   - Train board in responsibilities
   - Collect monthly payments
   - Resolve complaints and conflicts
   - Prepare financial reports
   - Manage finances
   - Arrange for necessary insurance
   - Pay lender and other commitments
   - Manage arrears

Facilities Maintenance plan
- Repairs
- Cleaning
- Security

Financial reports
- Operational budget
- Cash flow forecast
- Collect monthly charges
- Financial management
- Arrears and vacancy management

Right of Use Agreement

Member satisfaction survey

Photo courtesy of Harmen Oostra
4 PHASE 1 ESTABLISHING YOUR CO-OPERATIVE

4.1 THE HOUSING CO-OPERATIVE

A housing co-operative is a particular legal entity. It is registered with the Registrar of Co-operatives and is governed by internal rules called statutes.

Housing co-operative can take various forms. However, all co-operatives are currently governed by the Co-operative Act 1981. This Act is being revised, and a new co-operative legislation has been drafted and should be released for comment early in 2002. The Act governs the legal procedures for establishing a housing co-operative.

4.1.1 Organising your group of interested families

Those who agree to become members of a co-operative should enter into an agreement with each other to formally establish an institution. These members may belong to an organization such as a savings club or they may simply be people who need affordable housing. They will be interim members of the housing co-operative until their full membership is finalised.

The first members will need to agree some interim arrangements to cover how they will operate, until they gain registration. To cover such matters as joint savings, collection of monies, arrears, etc, a formal savings club should be developed.

4.1.2 Designing the statutes and registering your co-operative

The group will have to study and prepare Statutes of Incorporation for their housing co-operative. The Statues provide the internal rules and guidelines that will guide the activities of the co-operative. The co-operative members must approve the Statues. An example of the contents of Statutes is included as Annex 1. You will probably need an attorney to assist you in preparation of your statutes.
Co-operative Statutes cover the following:

- Members: one share, one member, one vote
- Board of directors: elected by members to manage the co-operative
- Annual General Meeting: elects Board of Directors & approves Annual Financial Statements
- Establishing committees, as needed
- Objectives of the co-operative: for example, to acquire & develop land & property; & to make houses available to members
- Powers: to own property, open accounts, provide accommodation, etc
- Surplus: to be used to reduce monthly fees
- Use agreement: entitles members to occupy personal space, in return for paying charges due
- Set house rules; for the management & maintenance of common and personal space

4.1.3 Requirements for registration

The Provisions of the new co-operative Bill cover the requirements for registration & setting up your co-operative are described below:

**Registration**

A co-operative must register with the Registrar of co-operative. The Registrar must keep a register of co-operatives in which particulars, including statutes, of all registered co-operative are entered. There will be a right of inspection of Documents registered.

**Incorporation, organization and structure of a co-operative**

(1) An application for incorporation of a co-operative may be made by -

(i) a minimum of seven persons;
(ii) two primary co-operatives that intend to form a secondary co-operative; or

(iii) by two or more secondary co-operatives that intend to form a federation.

(2) A co-operative member has to be at least eighteen years old or an emancipated minor. S/he cannot be an unrehabilitated, insolvent or of unsound mind.

The following documents should be sent to the Registrar:

- Two signed statutes of incorporation
- A declaration that business will be operated and carried out on sound co-operative basis;
- A notice signed by the first directors of the co-operative;
- A business plan; and
- Any other information that the Registrar may request.

The Registrar will then issue a Certificate of incorporation. The date when the co-operative comes into existence is the date of the certificate.

Name

A co-operative must have the words “co-operative limited” or “co-operative Ltd” as part of its name and on all contracts, invoices, negotiable instruments, letters and orders and place of business. The directors may reserve a name for a period of three months for an intended co-operative or for one that intends changing its name. The name cannot be one that has been prohibited or reserved for another co-operative or body corporate.

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3 Not defined in the Bill: under current legislation at least 11 potential members must sign the statute to constitute the co-operative
Register
A co-operative must maintain a registered office in the place set out in its statutes, and notify the Registrar of any changes.

Record keeping
A co-operative must keep proper records, which should be available for inspection at its registered office, as follows:

- The co-operative statutes and by-laws and their approved modifications or amendments
- The minutes of meetings of the members and the board of directors of the co-operative
- Copies of all notices of directors and notices of change of directors
- A list of names and addresses of its members’ and shareholders
- A register of its directors
- Accounting records
- Records of resolutions made
- Records to show the formula for calculating the patronage returns from the co-operative to each member
- Audited annual accounts presented to the Annual General Meeting of the members

Records should be kept for a period of six years after the end of the financial year to which they relate.

Board of Directors
A co-operative will have a board of directors, elected at the by the General Assembly at an Annual General Meeting, to manage its affairs and represent the co-operative. The statute of the co-operative will determine the maximum and minimum number of directors and describe:

- Who is allowed to be a director
- Leave from office by directors and filling of vacancies
Who can be the chairperson, vice-chairperson and acting chairperson of board of directors
The election, leave and retirement of the chairperson
Meetings and resolutions of board of directors
The establishment of committees
The liability of directors and officers
The requirement for directors to disclose any interest in contracts
The need to maintain a register of directors and their interests in contracts
Acceptance of commission, remuneration or reward prohibited in certain circumstances
Returns relating to directors

Membership of the co-operative

Membership in a co-operative is governed by its statutes that cover the following:

- Liability of members is limited to the value of their share in the co-operative
- Applications and approvals have to be in writing
- A member has one vote
- Members must be competent to be a member – that is, over the age of eighteen
- Membership can be terminated by special resolution of the Board of Directors.
- Membership can be transferred with the approval of the Board of directors

Management of the co-operative

The Bill governs the qualifications of executive directors, who will be in charge of the day-to-day management of the co-operative. They must act in good faith & with due care & diligence.

Capital structure and borrowing powers

Provisions on the following are also set out in the Bill:
4.2 Governance of the co-operative

4.2.1 Membership

In housing co-operative the members, who have shares and sign the rights of use agreement, can occupy a unit of the co-operative. People qualify to become members of the housing co-operatives according to the rules of the co-operative and the qualification criteria for government housing subsidy.

Some co-operatives apply a rule of savings to membership, while others depend on the rule of "seniority", meaning that applicants qualify for membership according to the length of time that they have been on the waiting list.

Members in a housing co-operative have certain rights:

- The right to membership in the co-operative
- The right to vote when decisions need to be made
- The right of occupation of a unit
- The right to live in a safe and secure environment

Members also have specific obligations:

- To respect and abide by the House Rules and the Rights of Use Agreement
- To pay all user charges and special co-operative fees

Members manage the co-operative by:

- Electing a board of directors to operate, manage and represent the co-operative
Approve and modifying the statutes of the co-operative

Electing directors

Appointing an auditor

Admitting members into the co-operative

4.2.2 Board of Directors

Who should you elect to represent co-operative members on the Board?

It is important to elect people to the board who are:

- Committed
- Have an individual contribution to make
- Have the capacity to engage in board meetings
- Have a good reputation
- Are legally competent to serve
- Have relevant skills, such as people with finance or a legal background, housing development or management experience skills, small business development, or community skills.

For co-operative in particular it is very important that members, and board members, are committed, and have the time to put into the work of running the co-operative’s affairs.

People appointed to be directors on the Board of a co-operative should be offered training, and an induction into:

- The roles & responsibilities of being a board member
- How to run effective meetings, how to chair meetings, take minutes, etc
- How to establish and run sub committees
- How to analyse & interpret financial statements
- How to fundraise

The business affairs of the co-operative are run by a Board of Directors that is elected by all member residents of the co-operative. Major issues, which affect the co-operative are put to general meetings of all resident co-operative members for consideration before decisions are made by the Board. Housing co-operatives can appoint non-resident members to their Board, such as members of the housing management co-operative.
Figure 3 Roles and responsibilities in a housing co-operative
5  PHASE 2 - BUSINESS PLANNING

5.1  MARKET ASSESSMENT

5.1.1  Define needs

The first step in a housing co-operative is to assess the need for this type of approach. Housing co-operatives bridge the divide between owning and renting housing as they enable those who rent to be responsible for their homes and the community in which they live. Is there demand for co-operative ownership? You need to consider your customers – how many do you need to be viable, and over what period of time. Most importantly, how will you target them? You can define your target market in terms of location, income group, race or social circumstances. How will you identify this group and inform them of your plans?

Needs assessment is different for co-operative housing compared to other forms of social housing because of the participation of the members in the management of the housing. It is important to establish that the members are willing to abide by the principles of the co-operative outlined in section 2 above.

You will need to test the plans for your development against what your target market wants, and can afford. If you already know who will be going into the units being developed (as in the case of a co-operative with an interim membership), then you may be able to check out your plans with each person individually by holding a meeting, or using a questionnaire. If however, you do not yet know who the prospective residents will be, as may be the case in a Greenfield’s development, then you will need to rely on statistics which describe the ‘average’ person living in the area where you plan to develop your stock. It is also possible in this case to use a questionnaire (if no statistics are available). However, it is much more difficult to get people to fill in a questionnaire if they aren’t interested in the development, than if they consider themselves future residents.

A market survey should define the following:

- Population (number of households and people) in the area
- Number of households who already have secure accommodation
- Potential market size (total number of households minus number with secure accommodation = number of households who may need housing).
5.1.2 Assess affordability

If you establish that there is demand for a co-operative housing initiative, it is important to qualify the market to determine if it is affordable. If you can qualify the market to establish both demand and the means to pay for it, then you have effective need. Initially you will not know the precise cost of the land and units, or the operating costs of maintaining the property. But you can look at examples from other projects to assess whether your target market has sufficient income and whether enough of them are eligible for an institutional subsidy.

5.2 Formulating your strategy

5.2.1 Define your mission and goals

Your mission statement defines your vision and how you will attain it. A mission can be

“We aim to develop and manage affordable quality co-operative housing, with members who own the stock and participate in the process, by accessing finance, developing housing, building membership and supporting job creation.”
defined as the reason for your organisation’s existence. All stakeholders should be involved in the process of defining your mission so that they feel part of the future and direction of the co-operative. In formulating the mission statement you should focus on:

- who are your customers,
- what type of services you will provide,
- the type and mix of housing (single units, flats or townhouses)
- type of development (new, refurbished or converted)
- location (inner city, suburban or rural area)

### 5.2.2 Setting objectives

Objectives are the steps you must take in order to realise your mission and goals. You must state how many units, where they will be located, what the membership criteria are and how you will manage the property.

### 5.2.3 Timeframe

It is important to ask the advice of people experienced in development – developers, non-profit organizations involved in housing development, municipal officials, builders – regarding the time it takes to develop housing projects. Development of housing takes much longer than most people think and the delays can cause your group to be discouraged if their expectations are unrealistic. You need to have someone to assist your group – someone who has gone through the process many times and knows the steps and the requirements.

### 5.2.4 Financial planning for sustainability

Financial planning and management will take place throughout the process of establishing and managing a Housing co-operative. Before you can apply for financial support (see section 8) the Provincial Housing Board and grant-awarding authorities such as the Social Housing Foundation, will want to see your budgets, cash flow forecasts and an estimate of your funding requirements.

Section 9 has the details of how to put together your budgets and financial models of the co-operative.

- You will need to consider all your expenditure (capital or project costs incurred in developing the housing units) and operational costs involved in running the organisation and the units (loan repayments, maintenance and utility bills).
You will also need to define your income (capital in the form of grants, subsidies and loans) and ongoing revenue (charges to members and any other form of revenue generation).

Financial models can be used to predict the outcome of various scenarios. You input assumptions such as the rate of inflation, the cost of loan repayments, land and building costs. Then you can see the effect of changing variables such as the members' monthly contributions, of varying the amount of money borrowed, the number of and size of the housing units. An example of some of the assumptions of an inner city social housing project are listed below:

- Member's monthly contribution should be at 27% of household incomes for subsidised units with an increase of 6-8% per year.
- Overheads should be 38 - 45% of monthly income increasing by 8-10% per year.
- 80% of members should be eligible for a government subsidy.

5.2.5 Containing costs

Keeping capital costs down is important because it affects the overall affordability of the project. The main elements are land servicing and construction costs. Land cost is a big item in any capital budget, and you should make sure that you are paying lowest amount possible for land. If land is being purchased for a public authority, try to negotiate a very low price, free if possible. When comparing several pieces of land, look at all the costs, including the costs of serving and dealing with unusual features such as steep slopes.

5.2.6 Marketing and stakeholder analysis

In addition to the needs assessment that looks at demand and affordability amongst potential members, a broader stakeholder analysis should be carried out at the planning stage. You should think of the differing perspectives of the members, occupants, professional advisors, government bodies and committee members. How will these various stakeholders interact? What do you expect from them and what are their respective roles? You will have already started this process in the initial stage of establishing your co-operative Statute, but now precise terms of reference should be drawn up for both internal and external resources.

A marketing plan is required at this stage that considers how you will inform potential members of your plans and market the opportunity to join the co-operative. Awareness campaigns can include leaflets, meetings in community halls and even broadcasts on local radio.

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6 The Greater Newtown Housing Programme, originally submitted to the Presidential Job Summit on housing in November 1999
5.2.7 Capacitating your co-operative

It is important to identify all the skills that are needed in the project in relation to those that are possessed by members of the co-operative. When there is a shortage of skills from the members find out where to get help with the provision of skills. The Department of Labour can help, the technicians and the advice from the professional firms and the Social Housing Foundation.
6 PHASE 3 – OBTAINING PROJECT APPROVAL AND FUNDING

6.1 APPLYING FOR FINANCE

6.1.1 Types of funding available

There are a number of programmes, structures, and systems that support access to finance in the co-operative housing sector such as:

- Government’s National Housing Subsidy Scheme
- Bridging finance
- Capital loans
- Guarantees

6.1.2 Applying for subsidy assistance from government

A co-operative can apply to the provincial housing administration for subsidies through:

- Social Housing Institutional Subsidy Programme. This promotes the provision of subsidised rental accommodation through social housing institutions, utilising institutional subsidy;
- The People’s Housing Process, which supports qualifying beneficiaries who want to be involved directly in the building of their homes. This could be for either institutional subsidy, or individual subsidy, depending on the aims of the co-operative.
- Institutional subsidy is paid to a social housing institution or co-operative to provide (mainly rental) housing units on behalf of qualifying beneficiaries.
- Individual subsidy is paid to qualifying beneficiaries to assist them to acquire ownership of fixed residential properties.
- The co-operative makes the application for institutional subsidies to the Provincial Housing Board. For the People’s Housing Process the application must be made by a support organisation that is a legal entity. This can be a co-operative itself, or a support organisation for the co-operative, perhaps a housing institution.
In order to apply for institutional subsidy, only co-operative incorporated in terms of the co-operative Act are eligible. Other eligible bodies are a company incorporated under the Companies Act (Section 21 or otherwise), or the Share block Control Act; or an association formed under the Communal Property Associations Act.

6.1.3 Subsidy Agreement

The following information must be provided to the Provincial Housing Department (PHD) to qualify for a subsidy:

- Policies
- Lease or use agreement
- Accounting policy
- House rules
- Exit policy
- Eviction policy
- Consultants’ briefs – fees and appointment
- Results of the market survey and details of the company responsible
- Written response from Provincial Housing Board (PHB) on subsidy application
- Funding requirement per unit, HIDF portion
- Milestones
- Implementation plan
- Organisational structure

6.1.4 Current levels of subsidy available

<table>
<thead>
<tr>
<th>Monthly household income</th>
<th>Individual subsidy</th>
<th>Institutional subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>R 0 -1500</td>
<td>R 16,000</td>
<td>R 16,000</td>
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<tr>
<td>R 1501 - 2500</td>
<td>R 10,000</td>
<td>R 16,000</td>
</tr>
<tr>
<td>R 1201 - 3500</td>
<td>R 5,500</td>
<td>R 16,000</td>
</tr>
</tbody>
</table>

For the People’s Housing Process the following extra subsidies are available to the Support Organisation/ co-operative to pay for administration and facilitation:

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7 For the People’s Housing Process Self Build Approach
An Establishment Grant to help set up the support organisation

A Facilitation Grant of up to R 750 per beneficiary, to provide assistance to beneficiaries to help them to build their homes.

6.1.5 Application timeframe

You will need to confirm the timetable for application for subsidy with your provincial housing department, as provinces differ. For example, in Gauteng, subsidies are allocated on a three-year basis. Your province may allow changes within this time period if it fits into their spending priorities.

6.1.6 Who is eligible?

The following Individuals (beneficiaries) who fulfil the following criteria are eligible:

- You must be a South African citizen.
- You must earn less than R3,500.
- Your joint household income must be less than R3,500.
- You have legal dependants.
- You have never accessed Government subsidy before.
- You are able to contract (21 years of age or older).
- You must be married.

6.1.7 Government assistance

If there is a government program that your group can qualify for, this should be investigated and may serve as the foundation upon which any other financing will be built.

The government program may also require you to review your statutes to ensure you comply with the government’s requirements.

The program may also require you to revisit your overall plan, for example: the current Institutional Subsidy Programme requires the beneficiaries to rent for at least 4 years. This may require some discussion/negotiation with the PHB when your group is a co-operative. To qualify your project for the maximum under this program, all members must have an income of
less than R3,500. If some members are earning more and do not qualify then this subsidy is lost. You must discuss how to handle this. Should these members be required to contribute more? Should the subsidy received simply be applied to the overall financing? Should you limit your membership to those families earning less than R3,500?

6.1.8 Where to find the remainder of the financing

With your advisor you will need to look at all avenues for obtaining financing and what their requirements are:

- NHFC offer a pre-establishment loan of R200,000, a capacity building grant of R2,000,000 and a project loan of up to R30,000,000. Their requirements are detailed in section 6.1.9.
- Gateway offer housing finance for instalment sales
- Nurcha
- Banks
- Employers
- Insurance companies
- Parastatals. You will probably need expert guidance on whom to approach and what their application process requires. If your co-operative is requesting government funding under the Institutional Subsidy Program, you will need information on how to apply, what information you must provide, who qualifies, the forms and the timing. It will also be important to supply all the details on how the co-operative will operate and how it will be able to meet its financing and operating payments.
- International Investors or Donors (see European Union funding in section 6.1.10 below)

6.1.9 National Housing Finance Corporations loan requirements

- Certified copies of Borrower’s Memorandum & Articles
- List of the current and the proposed Board members of the Borrower, with their full names, identity numbers and addresses, certified as true and correct by the Chairperson of the Borrower
- Certified copy of the signed management agreement between the Borrower and (any other) funder
- Proof of qualifying expenditure incurred for which payment is requested
- Budget
6.1.10 Funding from European Union

As part of its European Programme for Reconstruction and Development in the RSA\(^8\) the European Union has made available a grant to the South African Ministry of Housing. The Ministry has delegated the day-to-day management of the programme to the Social Housing Foundation (SHF).

The purpose is to expand capacity in the social housing sector. This includes Tier 1 and Tier 3 co-operatives.

<table>
<thead>
<tr>
<th></th>
<th>Tier 1 (Cope umbrella organisation)</th>
<th>Tier 3 Tenant-based management organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Grant</td>
<td>R2,159,476</td>
<td>R101,010</td>
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<tr>
<td>Capital equipment</td>
<td>R 106,760</td>
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<tr>
<td>Legal aid grant</td>
<td>R 39,218</td>
<td>R35,990</td>
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<td>Property management</td>
<td>R 1,059,766</td>
<td></td>
</tr>
<tr>
<td>Tenant capacity building</td>
<td>R 49,022</td>
<td>R72,000</td>
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<tr>
<td><strong>Totals</strong></td>
<td><strong>R3,414,242</strong></td>
<td><strong>R209,000</strong></td>
</tr>
</tbody>
</table>

\(^8\) Support Programme for Social Housing: Institutional Development and Capacity Building
6.2 CONSTRUCTION FINANCING AND LONG TERM FINANCING

6.2.1 How do these two differ?

The construction financing is the money you will need as construction proceeds to pay for the land, the professionals, the materials, the contractor, etc. Once the project is complete this interim financing will be “rolled” into a bond with monthly payments to be made for 10 or 15 or 20 years. It is quite usual to have construction financing from one institution and the long-term bond from another institution.

6.2.2 What information do financiers require?

The financiers will want very detailed information and you must obtain a list of their requirements. The institutions are working to standardize the information required but it is important to clarify the requirements with the specific one you are dealing with.

6.2.3 Institutions offering facilities

- Housing Institution Development Fund
- National Urban Reconstruction Housing Agency (NURCHA)
- Home Loan Guarantee Company
- Social Housing Foundation (SHF)
- Urban Sector Network (USN)
- Inner City Housing Upgrading Trust (ICHUT-Johannesburg)
- Provincial Housing Departments

6.2.4 Shopping for financing and the best rate

It is important to shop around for the best financial institution that offers the best interest rate. Existing financial institutions should be encouraged through government structures to service co-operative sector. Availability of long-term financing also needs to be ensured. Parastatals such as Transnet & Eskom have potential to expand their loan facilities to institutions outside membership and should be encouraged to do so.
6.3 PROVINCIAL HOUSING BOARD REQUIREMENTS - TECHNICAL OR PROJECT PROPOSAL

6.3.1 What information do you have to provide?

You will need to liaise with the Provincial Housing Board in your province, to establish their exact requirements, but the main information you will need to supply will normally be as follows:

**Details and nature of applicant**
- Name
- Description of the legal entity - the governing statute. (You will need to attach the founding documents (For example, enclose copy of co-operative statutes, or Memorandum & Articles of Association if a Company)
- Details of the management structure of the institution
- Details of the management experience of the institution officials

**Details and nature of project**
- Description of the property (according to the description in the deeds office)
- The location of the project
- An indication of support from the relevant local authority
- Compliance with local integrated development plans
- The availability of bulk and connector services

**Financing**
- How the development will be financed
- Details of total development costs
- Number of subsidies required, and costs.
- How the management costs will be financed
**Beneficiaries and client mix**
- The number of residential units in the project
- The number of residential units to be occupied by qualifying beneficiaries, and by non-qualifying beneficiaries.
- After approval of subsidy to build the scheme, before any unit is let, an individual application form for subsidy must be submitted to the provincial government for approval of each individual applicant. Namely, that they are eligible for subsidy. The application must be accompanied by the individual’s copy identity document, marriage certificate (or equivalent), divorce certificate, birth certificate, and proof of income.

**Product numbers and prices for units sold or let**
- Details of product prices of the residential units, by type of unit
- The estimated cost of the construction, including cost per unit.

**Proposed progress payments**
- Details of milestones for progress payments
- A proposal for when & how much money should be paid from subsidy funds.
- *Note: for institutional subsidy, no more than 70% will be paid during the building period. The remaining 30% will only be paid when beneficiaries have taken up occupation.*

**Management of the institution's housing stock**
- The proposed management arrangements
- The involvement of residents in the management
- Proposed tenure arrangements

**Participative management**
Details regarding representation of beneficiaries in the management of the institution
6.3.2 Nature of tenure

Copy of the draft lease or other use agreement with the beneficiary.

**Local authority**
- Confirmation of their support
- Certificate of compliance with health & safety requirements

**Plans and specifications**
Details of the units to be provided, with layout & architectural plans

**Methods of construction**
- Details of the construction approach
- List of consultants & contractors to be used
- Work opportunities for local labour will be used
- For the people’s housing process, how much will be provided in the form of sweat equity by the beneficiaries themselves.
- Scheduled programme of construction work

**Project motivation**
You will need to set out how the scheme will:
- Satisfy the housing needs of the defined target market,
- Create new stock,
- Foster compatibility and sustainability (i.e. close to transport & other amenities),
- Build capacity so that beneficiaries can develop, manage & maintain the properties themselves
- Create work for local labour & small building contractors
- Involve beneficiaries in the planning and design process
- Be affordable to low income people
- Offer value for money to beneficiaries
- Gear public resources
- Use innovative methods or materials, which could be replicable elsewhere

**Sworn Affidavit**

Once approved the co-operative / institution will be required to sign a **Subsidy Agreement** with the Provincial Housing Development Board. This sets out the organisation, description of the project, number and mix of units, the value of the units, the total value of subsidies payable, how money will be paid out (progress payments), & management arrangements for the housing stock, & any special conditions. Conditions of any variation or breach of the subsidy contract will be set out.
7 PHASE 4 – DESIGN & DEVELOPMENT

7.1 THE DEVELOPMENT PROCESS

There are three main aspects to developing housing projects:

- Securing land and installing the necessary services
- Building the housing units
- Marketing the housing and allocating units to households

The development process will be different for a Greenfield’s site to that undertaken for the refurbishment of an existing building. In all cases the principle of member involvement should be upheld.

With an existing building upgrade, then there will usually be existing residents, who can immediately become members or interim members of the co-operative, and are immediately involved in the planning of the refurbishment of the building. As members they will take all the key decisions about the design & development process, in conjunction with relevant development partners/agents.

In the case of a Greenfield’s development there may be no members involved during the development stage and co-operative decision-making centres on the on-going management and operation of the housing.

Your development strategy is your grand plan, which sets out what housing you want to provide, and also the way in which you want to undertake your developments.

An Example of a Development Strategy is shown in Annex 2.

7.2 PHASES IN THE DEVELOPMENT PROCESS

7.2.1 STAGE 1: PROPOSAL AND INITIATION:

This phase is about defining the project and what you want:
**Type of Development**

The options in stock development are:

**Greenfield’s development** is where you develop stock from scratch. This relies on accessing well-located land. It is not necessarily the cheapest approach, but give more flexibility in design and construction options.

**Upgrading or refurbishment** offers an often more affordable option for low-income households, as well as the opportunity for regenerating urban areas. The condition of the stock is the critical deciding factor here. If it is in good condition then it can be a cheaper approach than Greenfields. If it is in a poor condition then the cost of upgrading, and long-term maintenance may not be cost-effective. This approach suits the development of housing co-operatives, and many of the housing co-operatives in inner city Johannesburg followed this route, where existing residents came together as a way to improve their living conditions.

Another type of development is **Conversion**. Here unused office or warehouse space is converted to housing use. The critical factor is the condition of the existing building, and availability of services for residential purposes. In the inner city of Johannesburg, the council’s “Better Buildings Programme” has brought buildings back into use in this way, some to be owned & managed by housing co-operatives.

**Scale & Density**

The scale of the project (how many units you want to deliver), and the density (how many people / units to be accommodated within a particular space), you provide will depend on such matters as:

- **The location of the development.** A peri-urban or rural site, where the cost of land may be cheaper
- **Your management needs.** The more people living in a fixed space may mean more intensive (and costly) management (for example, care taking, maintenance, security, etc).
- **Social factors.** If you have a multi storey development, many people will have to share common spaces such as landings, etc, and people may not like living on higher floors

**Tenure**

The type of tenure to be offered will have been decided according to your plan and market assessment.
**Mixed Income**

This is where you might want to house a range of income groups within one development. However, in smaller, co-operative developments, this might not be easy, especially as subsidies are only available to people earning less than R 3,500 a month. If you wish to accommodate people earning more than this then extra development funding will have to be raised from other sources.

**Mixed Use**

This is where non-residential projects are included in your development. It can take the form of ground floor retail units, and other employment generating initiatives.

This is particularly relevant for the development of co-operatives. The National Co-operative Association of South Africa (NCASA)’s approach to housing co-operatives is based on the belief that co-operatives are not simply about providing houses. They are about ordinary people becoming stakeholders in their community and giving them control of their lives. Co-operatives also aim to create balanced and sustainable communities that will prevent the current problems of social polarisation and social exclusion. This is based on the premise that co-operatives are about harnessing individual aspirations to build local communities, about bringing together wide personal skills and abilities for the good of the community, and that co-operatives always form or develop some sort of community, whether it is simply a community whereby neighbours start talking to each other, or whether it is a community that actively tackles local issues of concern. Opening up employment opportunities adjacent to the housing provided will help to meet these aims.

### 7.2.2 STAGE 2: DESIGN & APPRAISAL

This stage involves making decisions on the project:

- Develop initial plans of what the proposed housing will look like
- Test feasibility of the proposed development in terms of there being a market for the product, and whether it is financially viable.

**Design Brief or Plan**

The design choices made at this stage will impact on the viability and long-term success of the housing project. Matters such as your budget, the nature of the site, local authority development control measures, & the requirements of the target market will all affect the type of housing to be provided. For example, will you build single houses, duplex, quads, town houses or apartments?
You will need to produce a Design Brief setting out your requirements. It should cover:

**Urban Design** - living environments should be created which enable people to work, move around, learn, relax and care for each other. Any housing projects should take the whole environment into account. Buildings should relate to the local context, and fit physically in the existing neighbourhood. You will therefore want to locate your development close to local amenities, such as schools, shops, transport, etc, as far as possible.

**The site** - each site is unique and will need different design responses. You should provide for a range of social spaces, and encourage social living by the way you design for the site. For example, by giving the project a street face and an inner face, which children can play in & which people can use for socialising and for secure parking. You will therefore want to locate your development close to local amenities, such as schools, shops, transport, etc, as far as possible.

**The density** of the project should also be appropriate for the site. (How many units you plan, and the number of people you cater for should fit comfortably on the site). Urban and suburban contexts call for higher density than rural areas do. However, developing to low densities, by building single units on large stands can lead to high infrastructure costs.

**The building** - the orientation of the buildings on the site is important, and should relate to the topographical conditions. For example, if the land is sloped. If the land price is low it may indicate that there are hidden infrastructure costs, such as extra bulk drainage costs, which will impact on overall building costs. The quality of any building materials may impact on long-term maintenance costs. An example is if plastic washbasins are used, they may be cheaper to install, but will not last very long in use, so are likely to need replacing within a short time span. You will need to design your project to use water and energy efficiently.

You may need to provide communal facilities within your buildings, and safe play areas for children to play in, where they can be supervised by adults. In rural or peri-urban areas you may need to provide facilities such as a laundry or a shop, if the development is far from other amenities.

The size of the units planned will depend on the density (see above), and the affordability and needs of the target group.

**The unit** - the size of the unit will be constrained by cost considerations, but layouts can be designed to optimise space, (for example, balconies used in walk-ups), & units can be designed to meet the different needs of different sizes & types of

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9 Guidelines for Social Housing Design, SHF. 2000
families standards. A particular saving is to install individual water & electricity meters. More expensive to install, but in the long run ensures people pay for what they use.

**Figure 4 Guidelines for housing design**

<table>
<thead>
<tr>
<th><strong>Summary of criteria for quality design</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives</strong></td>
</tr>
<tr>
<td>• affordable</td>
</tr>
<tr>
<td>• safe &amp; secure</td>
</tr>
<tr>
<td>• sustainable</td>
</tr>
<tr>
<td>• meet members’ needs</td>
</tr>
<tr>
<td><strong>Design</strong></td>
</tr>
<tr>
<td>• community integration</td>
</tr>
<tr>
<td>• accessible to amenities</td>
</tr>
<tr>
<td>• long term plans</td>
</tr>
<tr>
<td><strong>Building</strong></td>
</tr>
<tr>
<td>• appropriate density</td>
</tr>
<tr>
<td>• quality</td>
</tr>
<tr>
<td>• aesthetics</td>
</tr>
<tr>
<td>• health safety</td>
</tr>
<tr>
<td>• mixed use of land</td>
</tr>
<tr>
<td><strong>Units</strong></td>
</tr>
<tr>
<td>• size</td>
</tr>
<tr>
<td>• affordable rent size</td>
</tr>
<tr>
<td>• mix of types</td>
</tr>
<tr>
<td>• safe &amp; secure</td>
</tr>
<tr>
<td>• quality of finishes</td>
</tr>
</tbody>
</table>

**Financial feasibility studies**

Do your plans & designs work in financial terms, namely to match your plans for the design and size of each unit versus the cost to construct. (See section 11 on Financial Modelling.)

You should compare alternative development configurations for the same site to determine the most appropriate cost-benefit option. This means testing different designs and building materials in terms of both initial and long term maintenance costs.

**Project documentation required**

In order to progress the development further you will want to make sure that you have gathered together the following documents at this stage:

- Locality plans
- Sketch plans - project layout & top structures
- Geo-technical assessment
- Services layout
- Title deed/ Land availability agreement
- Use agreements
- Contractors & sub contractors (example of how to contract & tender documents)
- Details of the professional team
- Funding agreements

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10 Guidelines for Social Housing Design, SHF and HIDF 2000
7.2.3 STAGE 3: IMPLEMENTATION PLANNING/ PROJECT PREPARATION

This stage is about preparing to start the development. It involves:
- Defining & Planning the project
- Choosing the project team & project manager

**Draw up a programme**

This involves planning how each step of the project will be implemented, who will be involved, and what the expected outcome will be, against a time scale, and considering the risk approach that you will take. You will need to identify all the tasks to be carried out in the development process, & how they relate to each other. For example, in the case of purchasing land, the table below, taken from the Toolkit for Social Housing Institutions (SHF), shows different tasks, and how long they are expected to take:

<table>
<thead>
<tr>
<th>TASK NAME</th>
<th>RESP.</th>
<th>DAYS</th>
<th>WEEKS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1 Securing the land</td>
<td>Developer</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>2 Identify the land</td>
<td>Developer</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Task Description</td>
<td>Responsible Party</td>
<td>Duration (weeks)</td>
<td></td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------------</td>
<td>------------------</td>
<td></td>
</tr>
<tr>
<td>Establish owner</td>
<td>Developer</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Negotiate</td>
<td>Developer</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Agreement</td>
<td>Developer</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Surveying land</td>
<td>Developer</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Obtain base maps</td>
<td>Developer</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Planning parameters</td>
<td>Developer / LA</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Draft layout plans</td>
<td>Developer</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Test plans</td>
<td>Developer</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Housing Project Programming Guide, prepared by the Department of Housing / National Business Initiative)

Shaded areas show how many weeks each task is expected to take. Based on all the tasks required, monthly budget cash flow calculations can be prepared, which bring all the different cost elements together, as part of your development budget.

**Draw up a budget**

This involves projecting exactly what the project will cost, allocating costs to project elements and activities, and setting expenditure against time scales (cash flow projections).

**Consult with co-operative members**

This involves interactions and possibly, negotiations, with the beneficiary community, identification of all the stakeholders, interactions with all concerned regarding their idea of how the project will work, their expectations and needs, and defining the roles and responsibilities of all stakeholders.
**Decide on your procurement method**

Procurement refers to the way in which you access your housing stock. There are basically three different approaches to building and construction:

- **Self-help owner** building where individuals build their own houses, and utilise individual subsidy for this.
- The more conventional method for a co-operative is the **Managed Development** whereby the co-operative works with a developer or contractor to build units. For example, a housing management co-operative would work with a developer to build/refurbish the units for the housing co-operative. Under this “managed contractor” approach is the conventional approach for development, where you appoint someone else to do the development for you. It can be used, where institutional subsidy is used, or where a co-operative contract for a developer to carry out the required building works for them, either directly, or via a housing management co-operative. There are two ways to outsource the development, by a:
  - **Design and Build package** - where the housing co-operative, or housing management co-operative identifies land and finance, and asks developers to tender to design and build the houses on your behalf; or
  - **Turnkey development** - where the developer takes responsibility for the entire development process, from identifying the land, to signing up beneficiaries to live in the units. This method might not be so appropriate for co-operative housing, as developers may not be so proficient in identifying people who want to live in a co-operative way.
- The **Development Team** approach is strongly community based and usually employs labour-based or labour intensive construction methods. **Labour-based construction** is where the design incorporates appropriate technology in such a way that labour must be used for construction. It involves the use of light equipment, creates employment, but more importantly facilitates the acquisition of skills and competencies that leads to sustainable benefit. Labour intensive construction is where labour is used for activities that could normally be carried out with mechanical plant, such as trench excavations.

Under the development team approach, experienced persons and suitably qualified people assist community based contractors with the administration and management of their contracts, offer technical training, and engage specialist contractors to supply materials & equipment. Basically the development team may be regarded as construction facilitators who arrange to provide resources that the contractor lacks. Here The People’s Housing Process, and/or co-operative support organisations could carry out facilitation.

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\[11\] J. Pienaar & associates
The choice of building method and the design of buildings for development projects and materials must be appropriate, and comply with the following development criteria. A development should be:

- Affordable
- Acceptable to tenants
- Appropriate to the brief
- Answer the needs of the community
- Make the best use of local resources

**Appoint the Development Team**

This involves identifying what consultants will be required, identifying when in the project cycle their services will be used, and writing Letters of Appointment. Your needs for your development team will vary, depending on whether you are doing a Greenfields development, an upgrade or refurbishment, or conversion, and if you are doing the work via a self-build approach. Whichever approach you take, you will need a Project Manager.

Project Management is about “Planning, scheduling, directing & controlling resources towards completion of the project objectives,” so that the goals can be met on time, and within budget, to acceptable levels of performance & quality.

Other members of the development team could be:

- An Architect
- A Consulting Engineer
- The Quantity Surveyor
- A Town Planner
- A legal expert
- A land surveyor
- Other consultants
Choosing a developer or contractor – tendering and contracting

If a housing co-operative does not contract with a management co-operative to manage the building process for them, then they will have to choose their own developer or contractor to build the units according to their specifications. This involves going out to tender for the works, before entering into a contract with a builder.

Tenders can be competitive tenders, negotiated tenders, or selected tenders. Tender documentation will have to be prepared, for which you will probably need specialist help.

Entering into Contracts

During the development process you will need to enter into contracts between yourself (the housing co-operative/ housing management co-operative), and other service providers. Contracts set out the roles & responsibilities of the parties, and communicate a common understanding of what needs to be done. As well as contracts with the local authority, the Provincial Housing Development Board, etc, you will need to have a Contract or Development Agreement, which will be signed between the developer (the housing management co-operative) and the contractor responsible for installing services and / or constructing the top structure. Each industry (civil construction, electrical installation, building) has developed standard conditions for contracts. They also provide for a separate professional to be hired to oversee the work. Generally, construction contracts include:

- A detailed description of the work to be completed.
- General conditions relating to contractual obligations and rights of the respective parties, the documents making up the contract (such as drawings, or the programme), and the materials, how the work is to be done, claims, certificates and payments, defects liability period and disputes / arbitration period.
- Schedule of quantities and rates, and at what points in the development process the contractor is to be paid. Generally, the following arrangement is considered suitable for single storey developments:
  - 30% of the quote when the foundations, up to the floor, are finished
  - 30% of the quote when the walls are finished up to roof height
  - 30% of the quote when the house is finished
  - 10% of the quote one month after the house is built, to make sure that all the finishing is completed to the owners satisfaction.
However, when building work becomes more complex, you should appoint a quantity surveyor to define appropriate payment procedures. You should never pay for any work that has not been done. Always make sure that the money you still owe on the building work is equal to or greater than the amount of work still to be done.

- Special conditions of contract, such as variations in price, delivery, extensions of times and penalties.
- Insurances, performance guarantees and retention bonds to be provided by the contractor.
- Project specifications particular to the project, such as phasing of the development cycle, or hand over arrangements with the local authority.

If a housing management co-operative is doing the development on behalf of a housing co-operative, then they will sign a separate development agreement between themselves and the housing co-operative as well.

**A Land Availability Agreement or a Purchase/Disposal Agreement with the landowner.**

The former gives the co-operative power of attorney to act on behalf of the landowner, effectively earmarking the land for the proposed development. On the basis of this agreement, the landowner will not enter into a sale agreement with another buyer, and the co-operative can proceed with the development. The agreement does not require that payment or transfer takes place, but rather that the payment price and date of occupation are agreed. If the original landowner is the local authority, this is the most likely agreement to be used. On the basis of the Land Availability Agreement, the developing organisation never has to own the land. The ownership status can pass directly from the original owner to the housing co-operative, or individual qualifying purchaser. This means that only one transfer and conveying step is skipped, resulting in transfer fees savings.

The Purchase /disposal agreement means that the co-operative takes transfer the land, acquiring individual title. This agreement is suitable if the co-operative wants to retain the stock in the long term, and not provide eventual ownership options to its residents.

### 7.2.4 STAGE 4: IMPLEMENTATION & CONTROL

#### 7.2.5 Acquire land

**Location**

The location of the land is vitally important. One must consider how close it is to work places, schools, shopping, etc. Will people want to live there?
Price

In considering the overall cost of the land, it is important to break it down to a per-unit cost. Will the budget support this cost? Can you put more units on the land? Would this be acceptable to the future residents?

What can be built on it?

This ties in with considering the number of units to build. Usually there are zoning restrictions that set out the size of the individual sites and the height of a building. A municipal official will be able to give you the requirements or your architect can advise you. These requirements will dictate the number of units that can be built on that particular parcel of land.

Geo-technical problems

Again, this is where you must have professionals. The engineers will do a site survey and soil testing to determine if there are any problems due to the condition of the soil or the amount of water under the land.

Transfer and ownership

Housing co-operative has to own the land before it can start to build on the land or at least have an agreement in place with the present owners of the land (for example, the local authority) that it can develop the land.

Securing land rights

Securing land rights involves the following:

- Identifying suitable land, based on your design and location needs, and a market survey of the area
- Negotiating with the owner to purchase it outright, to purchase it in instalments (in terms of the Alienation of Land Rights Act), or to lease it
- Signing a Purchase Agreement or a Land Availability Agreement (see above)

Surveying the land

Surveying the land involves:

- analysing the title deed to determine the size and character of the area for development
- undertaking environmental and social impact studies
obtaining all planning information regarding the land, to find out what the local authority’s current and future plans are for the area and the surrounding neighbourhood (in terms of roads construction, services provision, and so on)

- defining the maximum sizes of individual properties (erfs), and how many people are permitted to live on each property (property density)

- defining what land (if any) will be used for non-residential

- following the necessary procedures if rezoning, subdivision or township establishment is required, and complying with the relevant conditions

- doing a complete cadastral survey (this is done by the land surveyor) of the property, including all boundaries, so that this can be drawn up into a new general plan, or added to an existing general plan, for the Surveyor General. It is then job of the local authority to ensure that all land use conforms to current standards.

Land surveying, as set out above, is the responsibility of the developer. The land surveyor is only involved in the actual cadastral survey of the land.

Generally, securing land rights happens at the same time as surveying the land. The initial survey of the land should happen before the process to secure land rights begins, because this will tell you if the land is suitable. Some of the “necessary conditions” referred to in the list above, may also impact on your ability to secure rights to the land. Your development manager should be able to help you decide how to prioritise and order the various steps involved in this task.

**Township establishment**

Once you have secured the land rights you can begin the township establishment process. Township establishment is the process of converting raw (unused) land into proclaimed land that can be subdivided into plots and sold to buyers. It applies to co-operative housing organisations engaging in Greenfield developments, where a township register needs to be established.

**Servicing the land**

The land servicing process involves installing all internal services (water, electricity, sewerage, and roads), and connecting these services to the existing bulk services in the local authority area. The process is regulated by design standards maintained by the local authority, and those included in what is known as The Red Book (Guidelines for Human Settlement Planning and Design, revised in 1999), which provides guidelines for engineering services and amenities.
The land servicing process involves the following steps:

- Servicing feasibility study
- Preliminary design
- Detailed design & tender
- Construction stage followed by the issuing of a Services Certificate, signed by the developer and the local authority on satisfactory completion of the servicing.

**Construction**

The building process involves constructing the top structure of the housing, as has been planned for in the design plan, applying the agreed finishes, and making the housing unit ready to live in. The outcome of the building process is your finished development – ready for occupation by residents that you have identified in the allocations process.

There are essentially three steps to the building process:

- **Preliminary Design:** This step involves considering the range of design options, together with the expressed needs of the community, and putting together a series of rough sketches on the design of the buildings and the individual housing units. Often these rough sketches become the subject of consultation with the relevant stakeholders, so that when final plans are drawn up, they reflect the needs of the community as stated.

- **Detailed design:** this step sees the finalisation of the building plans, the identification of building material sources, and the appointment of a contractor to do the building. In this step, choices regarding finish, space and durability are also considered.

- **Construction:** in this step, the actual building work happens. The step is considered complete when a happy resident moves into their new home.

7.2.6 **Construction Contract**
This contract should address three questions: how is labour managed, how is material purchased, how is this all supervised. With regards to labour, the following approaches can be considered: assisted self-help, assisted mutual help, contractor/mutual help, and contractor.

With regards to labour, the following approaches can be considered: assisted self-help, assisted mutual help, contractor/mutual help, and contractor.

### Figure 5 Illustration of progress payments during construction

#### 7.2.7 Construction Completion

Pre-Construction activities include clearing the site, levelling the platform, setting out the house and digging trenches for the foundation.

Construction of Major Components activities are concerned with the foundation, services, floor, walls, doors and windows and the roof.

Finishing touches involves looking at final touches like the waterproofing the walls, painting, landscaping and the final cleaning.

#### 7.2.8 Correcting defects

All defects like the hairline cracks, major-cracks, windows not closing properly, door-locks and doors not properly fitted and many others like penetrating water through the walls should be corrected before people take occupation.

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**Diagram courtesy of J.Pienaar & Associates**

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12Diagram courtesy of J.Pieniaar & Associates
7.2.9 Final payment-holdback

Final payment will not be paid until the applicant has signed a “Happy Letter” or “Letter of Satisfaction”. Before the applicant is called to sign this happy letter, a Snag List should be done by the Quality Surveyor that qualifies that the house is in a satisfactory condition for tenants to move in. Again the applicant will come and have a look whether things are as promised before signing the happy letter.

Figure 6  Summary of areas that should be covered for each room:

<table>
<thead>
<tr>
<th>Interior</th>
<th>Exterior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Windows</td>
<td>Walls</td>
</tr>
<tr>
<td>Walls</td>
<td>Windows</td>
</tr>
<tr>
<td>Door locks/handles</td>
<td>Roof</td>
</tr>
<tr>
<td>Floor/Floor covering</td>
<td>Guttering</td>
</tr>
<tr>
<td>Wall tiles</td>
<td></td>
</tr>
<tr>
<td>Light fittings</td>
<td></td>
</tr>
<tr>
<td>Ceiling</td>
<td></td>
</tr>
<tr>
<td>Bath</td>
<td></td>
</tr>
<tr>
<td>Toilet Cistern/geyser</td>
<td></td>
</tr>
<tr>
<td>Doors</td>
<td></td>
</tr>
<tr>
<td>Skirting</td>
<td></td>
</tr>
<tr>
<td>Washbasin/taps</td>
<td></td>
</tr>
</tbody>
</table>

7.2.10 Occupancy

A person is allowed to take occupation once transfer of shares has taken place. Transferring a member’s share implies a transfer of the right to live in and have exclusive use of a particular personal space and shared use of the common space. In co-operative ownership we refer to transferring shares and not to selling a unit because the person does not own the property and therefore cannot sell it. The person sells their right to occupy a particular unit. This right is given through the ownership of the share.
8 PHASE 5 – MANAGING THE CO-OPERATIVE

8.1 MANAGING THE CO-OPERATIVE

8.1.1 Responsibilities

The housing co-operative has the responsibility to ensure its property is well managed, well maintained and financially viable. The management may be done by the members through the committee structure or may be done by a housing management co-operative or property management firm on contract to the housing co-operative.

8.1.2 Participation in Management

Most people who join a housing co-operative will not have had any previous experience of co-operation. Participation in management is the hallmark of co-operative housing, as it empowers residents to take control of their community on a progressive basis. Members will be involved in the following:

- Ongoing maintenance & upkeep of the development
- Relationships between members, and between members and any staff employed, and with the local authority, neighbouring community, and so on
- Provision of additional services
- Ongoing upgrading of the development and the addition of new facilities
- Monitoring the effectiveness and quality of the services out-sourced to other agencies (such as to the housing management co-operative)
- Organising any special projects

The level of responsibility they can take on often surprises new co-operators, and this level of responsibility, properly nurtured through appropriate training and support, leads to responsibility in other areas of their lives.

To address these issues:

- Members will form committees. One benefit of committees is that they engage a number of residents, and therefore, can also act as a forum for consultation purposes.
Staff / resident working groups could be formed.

- Individual residents could be appointed or hired to undertake specific tasks on behalf of their community. This, of course, contributes to job creation.
- Groups of residents could be organised into ‘service contractors’ and contracted to undertake specific tasks. Setting operational systems in place

Sub committees need to be established to look after the property of the housing co-operative, the money of the housing co-operative and the member’s socio-economic well being. Social sub committee for helping new members when they join the HC, Maintenance sub committee for maintaining the common space garden and facilities, finance sub committee and other sub committees that could be considered include for example a women, youth and /or old aged sub committee to deal with issues affecting these groupings within the housing co-operative.

### 8.2 Manage the Units

#### 8.2.1 Resident selection

Recruiting members for a Greenfields project may be more difficult than for an existing building upgrade, as the advantages of co-operative housing may not be known. Marketing exercises will have to be undertaken, not only to market the units being developed, but also to provide information on what co-operative housing is and the benefits of co-operatives.

In areas where the demand may be particularly high, or in Greenfields developments where there may not be a community residing in the area already, you may consider instituting a waiting list procedure.

Prospective residents will normally have to save a deposit, as a form of equity in the co-operative, usually equivalent to two or three months’ monthly charges, before they can take up occupation and become members. For example, for COPE members, for one of their Greenfields development this was R 2,500.00. Once tenants have become members COPE runs a voluntary savings club for them.

NOTE: Residents selected to live in the co-operative must be eligible according to government subsidy rules (see section on Finance). All prospective residents have to be approved by the Provincial Housing Board.

When people move into the units they will sign a form stating that they are happy with the state of the unit.
8.2.2 Training of residents/members

The viability of the co-operative depends on your members understanding their rights and responsibilities, the mission of the organisation and how it is run, how the rental amount is calculated, and what it includes. You should provide basic information on these topics even before someone agrees to become a member. They should be required to take an induction course that explains these issues, and makes sure that new members/residents understand house rules (see below).

A basic member/resident training programme could include the following subjects:

- Rules, regulations, policies and procedures of the co-operative
- Roles and responsibilities of the resident in contributing to the effective management of the co-operative
- Role and responsibilities of the caretaker
- Role and responsibilities of the local authority
- The nature of co-operative housing as distinct from private sector rental or private ownership, and what this means in terms of the resident’s role in the organisation
- How to form and run a resident committee, including, writing a constitution, chairing meetings, delegating tasks,
- How to elect a Board of Directors for the Co-operative
- The use agreement

Co-operatives are about harnessing individual aspirations to build local communities, about bringing together wide personal skills and abilities for the good of the community. Co-operatives always form or develop some sort of community, whether it is simply a community whereby neighbours start talking to each other, or whether it is a community that actively tackles local issues of concern. Providing training to residents is part of this process.
8.2.3 Rights and responsibilities

Managing a co-operative means upholding the rights of residents, as well as assisting and empowering them in meeting their responsibilities. It is the responsibility of the co-operative to teach residents about their rights, and how they must honour their responsibilities in upholding the rights of the organisation. Generally, rights and responsibilities refer to:

- Payment of a monthly charge and increases in charges
- Maintenance of the development and the dwelling
- Conditions surrounding use of the development and the dwelling
- Provision of services, such as water, electricity and gas
- Conditions regarding the deposit
- Enquiry, complaints and dispute resolution procedures
- Eviction procedures
- Payment for damages
- Establishment of residents committees
- Drafting of house rules

There are “standard” rights and responsibilities that are enshrined in legislation, which are normally set out in a Use Agreement. The Rental Housing Act 1999 sets out what such agreements should contain. In 2001 the provisions relating to the establishment of rent tribunals, where landlord and tenant disputes can be adjudicated, came into force.

Then there are “specific” rights and responsibilities, which are particular to your individual organisation. These are ones that you most likely considered when you were deciding on your aims and objectives, and they help define the nature or ethos of your co-operative. These are normally included in the house rules.

8.2.4 The Use Agreement

This is a formal agreement between the co-operative and the resident that records rights and responsibilities in respect of the stock the resident occupies. For co-operatives, this is known as a use agreement. (For renters this is known as a lease agreement). This agreement must include everything that is relevant to the co-operative’s relationship with the resident, as well as procedures to follow when conflict or dispute arises. In practice, the agreement should confirm that the occupier has
a right to live in the unit. This gives security of tenure, but along with other rights and responsibilities. Both the landlord and the resident sign the Use Agreement, and each is given a copy to keep. Your legal advisor can help you draw up the agreement between the social housing organisation and its residents. Remember to include the following principles:

- All agreements should be in writing
- The terms of agreements must be carefully explained to all new residents/leaseholders and translations provided as appropriate
- Prospective residents/leaseholders should be fully informed of the grounds on which courts would be able to end the agreement
- The organisation should normally allow residents’ spouses, or other persons living with them at the time of their death, to succeed to the tenancy/lease.
- Residents should be given the right to exchange tenancies with other similar organisations subject to both organisations’ agreement
- Residents should have the right to take in lodgers or to sublet part of their accommodation, providing that the organisation is notified of the subletting
- Residents should have the right to carry out improvements with the organisation’s permission
- Residents should have the right to carry out repairs and have the cost refunded if the organisation has failed to respond to requests (subject to certain limitations)
- Resident/ members may have the right to an exit payment on leaving the co-operative
- Members’ families should have the right of succession/ inheritance
- Residents should have the right to be consulted about housing management changes
- Agreements should set out the initial rent payable and the procedure for altering it
- Agreements should define the organisation’s responsibilities and those of the resident/leaseholder for repairs.

A Copy of a Use Agreement is attached in the Annex 4.
8.2.5 House rules/by-laws

There are a number of decisions about your personal space that you can make as an individual and as a household. These are called the house rules and they govern how the co-operative development is run. House rules cover such things as:

- Set out dispute resolution procedures and the time frames involved in lodging a complaint
- Require residents to play their part in the general maintenance, cleaning, and upkeep of the development.
- Specify that animals aren’t allowed on the property grounds
- Emphasise courteous and respectful interactions among residents and staff
- Define curfews for noise levels (for example, that loud music may only be played until 7pm), or for the use of common or public space
- Car parking provisions
- Set out ‘neighbourhood security watch’ responsibilities in which residents are required to contribute to after-hours security provision
- Require attendance at regular meetings
- What colour to paint your house (the HMC may set some rules)
- How you want to extend your house and add on rooms
- How you want to fence your personal space (the HMC may have some rules)
- What you want your garden to look like

While it is the co-operative’s right to set house rules, it must consult on these with the residents of the development to ensure compliance.

8.2.6 MANAGEMENT OF THE UNITS

In a housing co-operative this function may be outsourced to the housing management co-operative, or other organisation, under a Property Management Agreement, or the housing co-operative may plan to progressively train the resident community how to take over this function, in the long term. Another alternative, in order to encourage participation and voluntarism among residents, the co-operative may plan to undertake responsibility for many of the tasks, on an ongoing basis.
There are two main categories of jobs on the ground, where the management interacts directly with residents. These are:

- Care taking - including maintenance, cleaning, and security functions.
- Resident administration including rent collection, resident satisfaction, enforcement of the use enforcement, and other functions.

These are described below.

**Care taking involves three main functions:**

Repairs and Maintenance, such as:

- General repairs
- Painting common areas
- Inspections of residences once leases have expired, and consequent repairs and maintenance
- Inspections of public space, and consequent repairs and maintenance
- Redecoration in vacated residences
- Emergency repairs
- Maintenance inspections
- Grass cutting and gardening

**Cleaning**

- Cleaning stairwells, hallways, and other public areas of litter, dirt, graffiti
- Washing windows
- Clearing litter and bulk rubbish
Security

- Patrolling public space, especially at night
- Monitoring parking facilities
- Providing entrance security
- Providing mail facility security

The detail in each of these three functions will vary, depending on the size and nature of your co-operative.

8.2.7 Resident administration

Depending on the size and nature of your co-operative, resident administration can involve:

- Collecting rentals
- Following up on defaulting residents
- Instituting disciplinary action should residents continue to default, or should they renge on their use agreement and house rules in some other way

Tenant liaison, such as:

- Checking on new residents shortly after they’ve moved in
- Enquiring after residents’ needs
- Dealing with complaints / residency matters
- Providing conflict resolution between residents
- Maintaining a positive relationship with the residents’ committee and residents generally
- Communicating with residents and informing them of developments

Vacancy Management, such as showing vacant properties to prospective members.
Training, such as:

- Providing new resident induction courses
- Providing ongoing training for residents and resident committee

Community liaison/training, such as:

- Liasing with the caretaker
- Evicting illegal business operations such as shebeens
- Making representations to other service providers: the local authority, Telkom,

A copy of a Repairs and Maintenance Policy is included in Annex 4.
9 FINANCIAL MANAGEMENT

9.1 TYPES OF FINANCE

Finance can be broadly classified as follows:

Figure 7 Four types of finance

<table>
<thead>
<tr>
<th>Capital</th>
<th>Operational</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUNDING</td>
<td>MONTHLY CHARGES</td>
</tr>
<tr>
<td>BUILDING PROJECT</td>
<td>REPAIRS &amp; WAGES</td>
</tr>
</tbody>
</table>

9.2 OPERATIONAL EXPENDITURE

Operational costs are incurred from the establishment of the co-operative and include the running costs of an office, registration fees and the costs associated with the grant application process. Once the units are built, operational expenditure is associated with the repairs and maintenance of the property, wages and Local Authority rates. The largest operational expense is usually the repayment of any monies borrowed to fund the project. Figure 8 contains a list of typical operational expenses for a social housing project in the inner city of Johannesburg. It is not representative of the costs that apply in rural or provincial areas. However the type of expenditure and the relative costs are universal.
### 9.3 Capital Expenditure

Capital expenditure includes costs such as land, construction, professional fees, and so on. The capital cost is the cost of buying the land or buildings and doing construction or upgrading to make habitable housing units. Figure 8 has typical amounts for a Johannesburg inner city building project. The cost of refurbishment is much less than new construction in this case although the market-related rent that can be charged is very similar (See Figure 9).

### 9.4 Funding

Funding provides a capital injection in the form of grants, subsidies and loans. The establishment grant is a useful way of meeting the early costs incurred during the early phases before the subsidies or loan finance is available. Loans are typically paid in instalments on the achievement of a milestone in the development process. This is known as progress payments. The difference between a grant or subsidy and a loan is that the former do not require repayment, although there are usually stringent conditions that need to be met in order to qualify. Loans have a high cost, especially in South Africa where interest rates are in double figures.

### 9.5 Operational Income

For a Housing co-operative the main source of income is the monthly charges levied to members for the privilege of living in the units. Figure 7 illustrates typical operating costs of a social housing initiative.

---

#### Table 1: Operational expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Local authority charges</td>
<td>R 1,308</td>
</tr>
<tr>
<td>1.1 Rates &amp; taxes - land (no rebate)</td>
<td>R 580</td>
</tr>
<tr>
<td>1.2 Rates &amp; taxes - land (rebate)</td>
<td>-R 285</td>
</tr>
<tr>
<td>1.3 Common use electrical consumption</td>
<td>R 125</td>
</tr>
<tr>
<td>1.4 Common use water consumption</td>
<td>R 60</td>
</tr>
<tr>
<td>1.5 Refuse collection</td>
<td>R 200</td>
</tr>
<tr>
<td>1.6 Sanitation charges</td>
<td>R 504</td>
</tr>
<tr>
<td>1.7 VAT</td>
<td>R 124</td>
</tr>
<tr>
<td>2 Insurance costs (0.050% replacement value p.a.)</td>
<td>R 75</td>
</tr>
<tr>
<td>2.1 Fire &amp; storm</td>
<td>R 25</td>
</tr>
<tr>
<td>2.2 Public liability</td>
<td>R 25</td>
</tr>
<tr>
<td>2.3 Political riot</td>
<td>R 25</td>
</tr>
<tr>
<td>3 Replacement reserve</td>
<td>R 267</td>
</tr>
<tr>
<td>4 Administration and overheads</td>
<td>R 2,248</td>
</tr>
<tr>
<td>4.1 Cleaning staff salaries</td>
<td>R 257</td>
</tr>
<tr>
<td>4.2 Meter reading</td>
<td>R 97</td>
</tr>
<tr>
<td>4.3 Administration fee includes rent collection</td>
<td>R 968</td>
</tr>
<tr>
<td>4.4 caretaker</td>
<td>R 321</td>
</tr>
<tr>
<td>4.5 Sundries (telephone, fax, cleaning materials)</td>
<td>R 132</td>
</tr>
<tr>
<td>4.6 Bank charges</td>
<td>R 55</td>
</tr>
<tr>
<td>4.7 Auditors</td>
<td>R 46</td>
</tr>
<tr>
<td>4.8 Default provision (5%of rental with vacancies)</td>
<td>R 372</td>
</tr>
<tr>
<td>5 Security</td>
<td>R 201</td>
</tr>
<tr>
<td>5.1 24 hour security</td>
<td>R 201</td>
</tr>
<tr>
<td>5.2 Armed response</td>
<td>R 0</td>
</tr>
<tr>
<td>6 General maintenance</td>
<td>R 305</td>
</tr>
<tr>
<td>6.1 Lift</td>
<td>R 0</td>
</tr>
<tr>
<td>6.2 General maintenance provision</td>
<td>R 305</td>
</tr>
<tr>
<td><strong>Total annual cost/unit</strong></td>
<td>R 4,404</td>
</tr>
<tr>
<td><strong>% operating costs to average rental</strong></td>
<td>53%</td>
</tr>
</tbody>
</table>
### Figure 9 Project costs inner city development

<table>
<thead>
<tr>
<th>Unit type</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NEW CONSTRUCTIONS</strong></td>
<td>&gt;2 units sharing</td>
<td>2 units sharing</td>
<td>Bachelor unit</td>
<td>1 bedroom</td>
<td>2 bedroom</td>
</tr>
<tr>
<td>No. of units</td>
<td>1,425</td>
<td>885</td>
<td>445</td>
<td>633</td>
<td>347</td>
</tr>
<tr>
<td>% total all projects</td>
<td>29%</td>
<td>18%</td>
<td>9%</td>
<td>13%</td>
<td>7%</td>
</tr>
<tr>
<td>Typical size square metres</td>
<td>30</td>
<td>35</td>
<td>36</td>
<td>41</td>
<td>48</td>
</tr>
<tr>
<td>Projected cost/square metre</td>
<td>1,591</td>
<td>1,574</td>
<td>1,628</td>
<td>1,588</td>
<td>1,490</td>
</tr>
<tr>
<td>Projected construction cost/unit</td>
<td>R 47,737</td>
<td>R 55,078</td>
<td>R 58,611</td>
<td>R 65,090</td>
<td>R 71,498</td>
</tr>
<tr>
<td>Total projected development cost</td>
<td>R 68,025,225</td>
<td>R 48,744,030</td>
<td>R 26,081,895</td>
<td>R 41,201,970</td>
<td>R 24,809,806</td>
</tr>
<tr>
<td>Projected monthly rental/unit</td>
<td>R 419</td>
<td>R 555</td>
<td>R 692</td>
<td>R 821</td>
<td>R 945</td>
</tr>
<tr>
<td>Minimum monthly income/unit</td>
<td>R 1,553</td>
<td>R 2,054</td>
<td>R 2,564</td>
<td>R 3,041</td>
<td>R 3,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unit type</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UPGRADE/REFURBISHMENT</strong></td>
<td>&gt;2 units sharing</td>
<td>2 units sharing</td>
<td>Bachelor unit</td>
<td>1 bedroom</td>
<td>2 bedroom</td>
</tr>
<tr>
<td>No. of units</td>
<td>100</td>
<td>50</td>
<td>550</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>% total all projects</td>
<td>2%</td>
<td>1%</td>
<td>11%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Typical size square metres</td>
<td>25</td>
<td>28</td>
<td>32</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>Projected cost/square metre</td>
<td>900</td>
<td>1,079</td>
<td>1,053</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Projected construction cost/unit</td>
<td>R 22,500</td>
<td>R 30,212</td>
<td>R 33,696</td>
<td>R 40,000</td>
<td>R 50,000</td>
</tr>
<tr>
<td>Total projected development cost</td>
<td>R 2,250,000</td>
<td>R 1,510,600</td>
<td>R 18,532,800</td>
<td>R 8,000,000</td>
<td>R 5,000,000</td>
</tr>
<tr>
<td>Projected monthly rental/unit</td>
<td>R 405</td>
<td>R 650</td>
<td>R 675</td>
<td>R 750</td>
<td>R 900</td>
</tr>
<tr>
<td>Minimum monthly income/unit</td>
<td>R 1,500</td>
<td>R 2,407</td>
<td>R 2,500</td>
<td>R 2,778</td>
<td>R 3,333</td>
</tr>
</tbody>
</table>
Figure 10  Comparison of refurbishment and development costs

9.6 SUSTAINABILITY

The key factors affecting sustainability are not only financial. To be successful involves a balancing act between finances, tenants and the property. If any of the factors is neglected, it has a negative impact on the others. The following factors are key to a viable Housing co-operative.

9.6.1 Cost of financing

The cost of the loan is the single greatest determinant in sustainability. In a financial model of a Housing co-operative it is possible to demonstrate how a small increase in interest rates of only 0.5% can make a huge difference to long term viability of the enterprise. For this reason it is important to negotiate a fixed interest rate so that the level of repayments is predictable. There must be a comfortable surplus of monthly collections over operating and financial expenses that enables repayments to be made even when occupancy has dropped or the rate of default increases.

9.6.2 Cash flow management

The timing of collections is also critical. Even if there is a significant surplus of income to expenditure (which is unlikely) if the tenants do not pay on time it will force the co-operative to default on loan repayments and to other creditors such as the Local Authority. Debts must be chased immediately to reduce the risk of an arrear become a “bad-debt”. Arrangements can be made with tenants who are experiencing financial hardship to pay reduced monthly charges for a time; this is preferable to them defaulting entirely and having to be evicted from the unit.

Payment to external suppliers for maintenance and repairs should be made only at the due date.
9.6.3 Facilities management

It is important to anticipate maintenance costs in the design of the site and housing units. A typical oversight is to design units that require frequent repainting rather than using face-brick, which is a low-maintenance finish. Concrete staircases are cheaper to construct than iron stairwells, but they fall into disrepair quickly. It is also important to respond to maintenance requests promptly – this reduces the overall cost of repair and keeps tenants happy.

9.6.4 Relations with tenants

If tenants are unhappy they may be able to pay their charges but will refuse to do so. “Can't pay – or won’t pay?” is a phrase that can apply when the buildings fall into disrepair and tenants units are not maintained as promised. The Use Agreement (see Annex 4) describes the obligations of the member tenant and the co-operative in keeping the property in good condition. If the tenants expectations are not met this can result in neglect and even vandalism.
9.7 **FINANCIAL MODELLING**

Financial modelling is:

- A tool to analyse the feasibility of a project
- Combination of business rules and variable data
- Can perform “what if’s” to test various scenarios
- Can dry run financial viability

---

Figure 11 Sustainability model\(^\text{13}\)

13 Chapter 9 Toolkit for Social Housing Institutions
9.7.1 Benefits of financial modelling

- Highlight areas of potential weakness.
- Records assumptions, for example, development costs and prospective member demographics
- Can assess impact of changes to key variables for example, demand forecasts and interest rates.

9.7.2 The questions that can be answered by a financial model

- What if I increase the monthly charges?
- What if we build more two-bedroom units?
- What happens if the occupancy is less than 90%?
- What if I change the affordability criteria from 25% of income to 27% for subsidised units?
- What if the interest rates increase?
- What if maintenance costs are higher than planned?
- How many years will it take before the loan is repaid?

9.7.3 Sensitivity of the model

Some data is relatively fixed, like the amount of funding available from various institutions and the contract rates of developers. Other data is more volatile: the interest rates charged for loans. The model will be very sensitive to changes in interest rates, in comparison to a minor change in funding or development costs. In fact the impact of the loan repayments is so great, that a slight change in the interest rate can make the difference between a sustainable and a bankrupt co-operative or many other businesses for that matter.

The model will allow you to balance the financial considerations such as the size, number and quality of the units against cost and their match to the target market defined in the needs analysis.
10 EXTERNAL ASSISTANCE

10.1 PROFESSIONALS AND TECHNICAL ADVISORS

10.1.1 What expert assistance does your group need?

It is important to recognize that you will need the assistance of some experts to achieve your objectives, particularly in the areas of land acquisition, legal, land planning, building plans, government requirements, etc. It is advisable to have a person or an organization take the overall responsibility as project manager. As mentioned above, you need someone who has gone through the process and knows the steps and requirements.

10.1.2 Who can provide this expert assistance?

There are organisations whose function is to work with community groups to develop housing. Seek out these organizations, ask what services they provide and at what cost. Ask what housing projects they have previously done and go and inspect them. There are also private developers who have built community housing. Again, find out what services they provide, at what cost and what have they done previously. Check them out. Both non-profit organizations and developers will use the services of an engineer and architect. You can talk with engineers and architects to see what services they provide and at what cost. The more you talk with and listen to these people the more information you obtain. Soon you know what questions to ask.

What you are seeking is a responsible project manager; someone who will listen to the wishes of your co-operative community group and work with you.

10.1.3 What sort of a contract should you have?

The person or organisation you choose, as your project manager will probably have a standard contract agreement. Make sure you take this to your lawyer. Have him/her review it with members of your committee to ensure it fits in with your group’s objectives and deals fully with the roles and responsibilities of all, during development, construction, and including cleaning up and rectifying deficiencies.
10.2 INSTITUTIONAL ASSISTANCE

10.2.1 ICHUT (The Inner Housing City Upgrading Trust)
ICHUT provides advice & support to tenant based management organisations (mainly co-operatives), within the inner city of JHB. They also provide bridging finance to the organisations to cover the refurbishment costs. They can help co-ordinate capital funding required, and source any technical or other expertise required by the groups.

Contact ICHUT at
PO Box 61738, Marshalltown Johannesburg 2107
Telephone: 011 241 6912 or 011 241 6900
nano-ichut@jhc.co.za

10.2.2 NATIONAL CO-OPERATIVE ASSOCIATION OF SOUTH AFRICA (NACASA)

The National co-operative Association of South Africa (NCASA) was set up in 1997 to promote this way of life in South Africa.

As a member of the International co-operative Alliance (ICA), NCASA has committed itself to the basic principles of co-operative. NCASA represents co-operative and community groups from all regions and sectors of South Africa.

NCASA members include hundreds of primary and secondary co-operative that are active in areas such as finance, agriculture, health care, transport, trading and housing. Significant organisations like the Savings and Credit League of South Africa (SACCOL), the Southern African Women’s Association (SAWA), the Agricultural Business Chamber (ABC) and the National Consumers co-operative Union (NCCU) are all affiliated to NCASA.

Membership is open and voluntary. Stockvels, burial societies and other community groups aimed at collective empowerment and poverty alleviation are all welcome to join the NCASA family.

Contact NCASA at:
P O Box 14074, Hatfield, Pretoria, 0028
Telephone (012) 349-1382 Fax (012) 349-1430
Email patrick@ncasa.org.za
10.2.3 NURCHA

The National Urban Reconstruction and Housing Agency (NURCHA) facilitates low-cost housing development by providing capacity-building grants, bridging finance guarantees and home loan guarantees to projects for low-income families.

Contact NURCHA at:
710 Hallmark Towers, 54 Siemert Road, 2094 Doornfontein
Telephone: 011 402 4780  Fax: 011 402 6602

10.2.4 HLGC

The Home Loan Guarantee Company (HLGC) is a Section 21 Company that helps low-income beneficiaries by providing last-resort guarantees to back mortgage and non-mortgage finance. It provides additional collateral to banks for mortgage loans where the borrower can afford the loan but cannot afford the required collateral. HLGC also offers training for social housing tenants.

Contact HLGC at:
Telephone: 011 726 3150 Fax: 011 726 7415

10.2.5 SHF

The Social Housing Foundation (SHF) is a Section 21 Company providing capacity building and technical support services to emerging and existing social housing institutions. Its mission is to provide strategic services towards as sustainable, vibrant social housing sector in South Africa.

Contact SHF at:
Telephone: 011 644 9900 Fax: 011 484 7088
PO Box 31376 Braamfontein 2017
www://shf.org.za

10.2.6 NHBRC

The National Home Builders Registration Council (NHBRC) registers builders who then provide homeowners or institutions/co-operative s with a five-year written warranty on the roof structure, super-structure, sub-structure and foundations including drainage. It has regional offices in Kabuli-Natal, Gauteng and the Western Cape.
10.2.7 USN

The Urban Sector Network (USN) is a network of nine service organisations located across South Africa that help communities with their development initiatives. It responds to requests from Community Based Organisations (Cobs) and helps with providing housing, services and community services as well as formulating policy and lobbying.

Contact USN at:
Telephone: 011 403 3752 Fax: 011 403 0131

10.2.8 COPE

The COPE Housing Association aims to be the driving force for a co-operative Housing movement in South Africa. Their mission is the promotion of collective home ownerships for communities in Greater Johannesburg. This includes the development and management of Housing co-operative s, input into policy development and empowering co-operative members in terms of decision-making and community management.

Contact COPE at:
PO Box 62182, Marshalltown, 2107
Telephone: 011 833 8535 Fax: 011 833 8536
Email: infor@cope.org.za
www.cope.org.za

10.2.9 NHFC

The National Housing Finance Corporation (NHFC) is a wholesale development finance institution established by government as one of its five pillars of financial intermediation. It provides finance to retail lenders in the housing sector and loan finance to social housing institutions and co-operative.

Contact NHFC at:
Address: PO BOX 31376 Braamfontein 2017
10.2.10 Afesis-Corplan

Afesis-Corplan is an non-governmental organisation (NGO) based in East London, working in the field of local government and settlement development. They have a co-operative Housing programme whose objective is to develop, test and promote a co-operative Housing model for South Africa. They have a funding partnership with the Swedish co-operative centre. They are a member of USN (see 10.3.7 above).

Contact Afesis-Corplan at:
PO Box 7101, East London 5200

10.2.11 The East London Housing Management co-operative

The East London Housing Management co-operative is a registered Housing Management co-operative with the objective of developing new co-operative Housing projects and providing property management and other services to its members.

Contact: via Afesis-Corplan

10.2.12 Peoples’ Housing Partnership Trust

Peoples’ Housing Partnership Trust (PHP)

Contact PHP at:
Department of Housing, Private Bag X644, Pretoria
Telephone: 012 421 1311

10.2.13 BESG

The Built Environment Support Group (BESG) works in KwaZulu-Natal assisting disadvantaged communities to access land and housing. They also promote income-generating projects through using labour-based implementation methods and supporting community-based contracting.

Contact BESG at:
Facility of Architecture, University of Natal, 4041, Durban.