

- A HOUSING CO-OPERATIVE: ORGANISATION
material for training of co-operative advisers

TRAINER'S MANUAL

international labour office, geneva

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MATCOM
Material and techniques for cooperatives management
training

The MATCOM Project was launched in 1978 by the International Labour Office, with the financial support of Sweden. In its third phase (1984-1986) MATCOM is financed by Denmark, Finland and Norway.

In collaboration with cooperative organizations and training institutes in all regions of the world, MATCOM designs and produces material for the training of managers of cooperatives and assists in the preparation of adapted versions for use in various countries. MATCOM also provides support for improving the methodology of cooperative training and for the training of trainers.

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PREFACE

With the rapid growth of towns and cities there is a pressing need for urban dwellers to have access to shelter which offers reasonable living conditions at an affordable cost. The same need is felt by many rural dwellers who are increasingly feeling that traditional methods of housing provision are no longer adequate.

In producing this manual MATCOM has for the first time designed a package to help in the training of advisers to people who are considering establishing housing co-operatives:

Housing co-operatives differ from other types of co-operative not only in their type but also in their mode of development. Most co-operatives perform the functions for which they were formed on a perpetual basis, for example, credit unions continue to manage savings and loans, marketing co-operatives provide inputs and market produce on a seasonal basis, while workers' co-operatives manufacture and sell their products regularly and continually.

A primary housing co-operative is formed to satisfy a housing need and once that need is satisfied its nature and functions changes; it has completed construction and is now concerned only with management of the houses. Continuity in the system is normally provided by a specialist support organisation which provides technical advice on all aspects of housing co-operative development to many primary societies.

Of the many different types of co-operatives in existence today, housing co-operatives are among the most complex. This is so because they have to deal with many technical factors in order to achieve their objectives. They must acquire land (often dealing with slow bureaucracies and complex legislation), plan a project which the members can afford, act as knowledgeable clients to professionals such as architects and engineers, conform to complex planning

regulations, negotiate short and long-term finance, decide on appropriate form of tenure, organise construction and train their own membership.

There are many different types of housing co-operatives. For example, some build new houses, others upgrade housing and infrastructure and some are formed to buy existing properties. Some have the common bond of a workplace, others of neighbourhood. In some countries there is an established system, often buttressed by legislation, with support from specialist organisations and financial backing from "external" sources. In others, primary co-operatives have very little support and exist in an unfavourable legislative climate and with no specialist technical or financial services.

This manual does not attempt to cover all types of housing co-operatives or particular national situations. It focuses mainly on aspects common to most housing co-operatives, frequently using as an example a small primary housing co-operative which wishes to construct new housing. It can be adapted to other situations if necessary, and sessions can be added on particular topics.

The manual also simplifies a number of the decisions to be taken and calculations to be made. The details can be added in the light of specific national circumstances.

THE TRAINING PROGRAMME1. Target Group

It has been found in a number of countries that advice to housing co-operatives is often provided by people who are knowledgeable about the more familiar types of co-operatives, such as agricultural marketing, consumer and credit unions. However, they are not conversant with the special features of housing co-operatives, and indeed there are cases of the latter being wrongly advised and consequently becoming unsuccessful.

This MATCOM training package is therefore designed to assist in the training of advisers to housing co-operatives. The adviser may, for example, be a government official, an employee of a co-operative union or federation, or a trade union official. It may also be used with co-operative officers, trainers and managers of housing co-operatives. Both categories of the target group will often be the first point of contact for a group wishing to form a housing co-operative.

The manual may also be adapted for use by more specialist staff of housing co-operative support organisations, but it is expected that they will already be aware of the basic aspects of co-operative housing covered in this manual.

2. Aim

The manual covers the basic aspects of housing co-operatives. Its aim is to enable training officers, managers and supervisors of housing societies to promote, organise and plan a co-operative housing project.

3. Objectives

The manual is made up of thirteen sessions (see page XIII). Briefly summarised, their objectives are to enable the participants -

- to identify and distinguish between different types of housing co-operatives;
- to identify the essential characteristics of housing co-operatives;
- to assess the needs and basic characteristics of potential members and to develop a member profile;
- to identify favourable conditions for initiating different types of housing co-operative activities;
- to identify the activities which the co-operative must undertake to create an appropriate organisational structure and to recognise the ways in which the various components of the development process of a housing co-operative are interrelated;
- to identify the various forms of co-operative tenure and to enable them to apply these models to their own situation;
- to recognise the legal and organisational issues relating to membership of housing co-operatives and, in particular, the appropriate circumstances under which "open" or "limited" membership may be introduced;
- to determine how much potential co-operative members are able to afford for housing;
- to recognise the methods used in costing co-operative housing projects and the relationship between costing and affordability;

- to analyse several options which will enable a housing co-operative to select an affordable package for low-income members;
- to identify sources of housing finance suitable for housing co-operatives and to recognise the particular characteristics of each type;
- to recognise and advise on the various aspects of self-help construction;
- to apply what they have learned in this course to their work in the field.

4. Timing, Structure and Use of the Material

The following material is provided for each session:

- A session guide for the facilitator (yellow pages), giving the objective of the session, an estimate of the time needed and a comprehensive "plan" for the session, including instructions on how to conduct the session;
- handouts (white pages) of case studies and exercises to be reproduced for distribution to the participants.

The course which is covered in this package can be completed in something between 20 and 30 hours of classroom time, depending on the number of trainees and the pace at which the material is used.

Trainers may prefer to use groups of sessions, individual sessions or parts of sessions, and they should certainly feel free to do this. Components of this package can be integrated with other material and can be modified and used in whatever way the trainer thinks fit. The material referred to in the bibliography may be of use in adapting the manual. Each trainer should aim to make this material his or her own; parts of it will undoubtedly need substantial modification to conform to local situations, regul-

ations currencies and so on. Trainers may have better examples and casestudies which can be substituted for some of those which are used in the material. A MATCOM manual is deliberately produced in loose-leaf form; it should be written on, amended and improved continually.

You may find it useful to collaborate with specialists in housing, particularly low-income housing, when adapting the manual. They will be able to advise on matters such as land acquisition, building codes and planning regulations, appropriate building materials, housing finance and national experience in housing development.

In adapting the manual remember that the financial material, particularly in Session 9, 10 and 11, is internally consistent and cannot be altered piecemeal. You may wish to compute the calculations again using relevant national data.

5. Training Approach

The MATCOM packages are based on the assumption that training is expensive and that funds for training are scarce. Training is an investment, and unless the training yields results which are greater than that investment, it would have been wiser to use the money for some other purpose.

On their return to work from the training programme, participants should be able to show concrete results. In order to prepare them to achieve this the material includes little or no theory; it is almost entirely participative, with the minimum of lecturing and a maximum of shared experience and learning.

The participants will not learn how to advise housing co-operatives in a passive way; the kind of problems which they meet in their everyday work have been, as

much as possible, translated into realistic case-studies and other problem-solving exercises. Participants, working in groups and on their own, will solve these problems with the help of one another and with some assistance and guidance from the trainer. He or she should act more as a facilitator of learning than as a lecturer.

Every participant, even if he or she has never actually given any advice to members of a housing co-operative, has some ideas and suggestions from which others can learn. If all these insights and experiences can be shared, a great deal will have been achieved even without the new knowledge provided by the material or the instructor. The material is designed to facilitate this process of exchange, so that everybody goes away with the accumulated knowledge that each has brought to the programme.

Remember that knowledge is like fire; you can share it with other people without losing anything yourself. You should treat each person as a source of ideas and suggestions which are at least as valuable as your own. The material is designed to help you draw out, or "elicit", these contributions.

The last session, on "Action Commitment", is designed to ensure that the "bridge" between the course and the working world is as easily crossed as possible. Working with each other and with you, each participant should come up with a very specific plan of what he or she proposes to do on return home. You should make every effort to ascertain whether or not they implement their plans and to support them in their efforts. If they fail, it is the course that is at fault; and if they succeed, you - the trainer - can take a great deal of the credit.

6. Preparing the Training Material

Handouts constitute an important part of the training material used in the programme. They can be reproduced from the original handouts supplied in this ringbinder, after the necessary adaptation has been made. Reproduction may be done using whatever method available: stencil, offset printing, photocopy or other.

The only item of training equipment which is absolutely essential is the chalkboard.

If flip charts or overhead projectors are available, you should prepare these aids in advance. If they are not, you can still use the chalkboard.

The Pre-course Questionnaire (See Session 1.1) should be sent to the participants in advance. They should be asked to complete it and hand it out in the beginning of the session.

7. Preparing Yourself

Some trainers may feel that material of this sort means that they need only spend a few minutes preparing for each session. This is not the case.

You should go through the following steps before conducting any course based wholly or in part on this material:

- a. Read it carefully; be sure you understand the content and that you can envisage what is intended to happen in the classroom.
- b. Work through all the calculations; be sure that you understand them completely. Try to predict the errors that trainees are likely to make, and the different answers which may not be wrong, but which will be worth following up.

- c. Work through the case-studies yourself and try to predict all the possible analyses and answers which trainees may come up with.
- d. Look up and write down on the material itself, as many local examples as you can to illustrate the points that are raised.
- e. Plan the whole session very carefully; try to predict approximately how many minutes each section of the session is likely to take, and make the appropriate modifications to fit into the time you have available. Do not take the suggested time at the beginning of the session too seriously.

8. Conducting the Programme

While using the material, you should try to observe the following guidelines:

- a. Arrange the seating so that every trainee can see the faces of as many as possible of the others; do not put them in rows so that the only face they-can see is your own.
- b. Be sure that the session is clearly structured in the trainees' minds. outline the structure at the beginning, follow it or say that you are diverging from it, and summarise what has happened at the end.
- c. Bear all the learning points in mind, and do not forget the job-oriented objectives of the session.
- d. Be flexible; do not follow the material slavishly and be prepared to change the approach, depending on what trainees themselves suggest.
- e. Avoid, whenever possible, telling the trainees anything, in a successful session all the points will have been elicited from them by skillful questioning.

- f. If you fail to draw a particular answer from the trainees, it is your fault, not theirs. Persist, asking the same question in different ways, hinting at the response you want. Only make the point yourself as a last resort.
- g. Use silence as a weapon; if nobody answers a question, be prepared to wait for 20 or 30 seconds in order to embarrass somebody into making an attempt.
- h. Avoid talking yourself. Trainees' discussion and suggestions should occupy around three-quarters of the total time. Ask, listen and guide rather than talk. (The more you talk, the more you are revealing your own insecurity or ignorance of the subject, in that you are not willing to risk questions or comments with which you cannot deal.)
- i. Never ridicule a trainee's answer or suggestion; there is bound to be some merit in it somewhere, and the very fact that he or she has put forward a suggestion is commendable.
- j. If you cannot answer a trainees' question, or comment on a suggestion, (or even if you can) ask another trainee to answer or make a comment. You are the facilitator, not the source of knowledge.
- k. Write trainees' own words on the chalkboard or flip chart whenever possible; do not follow the words in the material, even if they are more precise.
- l. Be prepared to act as "Devil's Advocate", there are usually no right or wrong answers to organisation and management questions, and trainees must see and understand both sides of an issue.
- m. If trainees appear to be following a quite different track from that suggested in the material, do not dismiss this out of hand; it may be as useful or more so.

- n. Call on the silent and, if necessary, silence those who talk too much.
- o. Be sure that everybody understands what is going on; do not allow discussion to be taken over by a few who understand.

9. After the Course

Be sure to contact all participants, in person or at least by letter about six months after the end of the course to find out how they have managed to apply what they have learned and how well they are implementing their action commitments. If they have failed, it is not they who were at fault, but the course. Either the training was ineffective, the participants were poorly selected or you failed to recognise problems which might prevent them from applying what they learned.

THE COURSE PROGRAMME

Session 1. Introduction

Session 2. Types of Housing Co-operative Activities

Session 3. Characteristics of a Housing Co-operative

Session 4. Developing a Member Profile

Session 5. Organisation and Structure

Session 6. Forms of Co-operative Tenure

Session 7. Open and Limited Membership

Session 8. Affordability

Session 9. Costing a Housing Project

Session 10. Serving Low-Income Members

Session 11: Sources of Housing Finance

Session 12. Self-Help Construction

Session 13. Action Commitment

ANNEX

Suggested Reading List



Introduction

SESSION 1

INTRODUCTION

Objective : To introduce the course to the participants and to establish their level of knowledge and understanding of the subject.

Time : 1 - 2 hours.

Material : Completed Pre-course Questionnaires;
Timetable;
List of Participants.

Session Guide :

1. The opening of the programme should be brief and to the point. If a prominent visitor is to open the programme, he or she should be asked to give example of problems arising from giving inadequate advice to housing co-operatives. He should stress that advisers can make a major contribution toward the successful development of housing co-operatives. But he should also stress that a common reason for the failure of such co-operatives is excessive intervention by advisers.
2. To clarify the objectives and contents of this course ask the participants questions like those below, explaining that the course will deal with problems of this type.
 - What have been the real reasons for your helping people to start co-operatives in the past - it because it is your job to promote this form of organisation or is it because you have found it to be the best solution in every case?

- Can you explain why some housing co-operatives have not been successful in the past?
- How can you ascertain that the people initiating a co-operative are seriously committed to the idea and will not simply give up and dissolve the group at the first set-back?
- What support should the government give a housing co-operative?
- What possible sources of finance are there for housing co-operatives?
- What single precondition is the most important for the success of a co-operative? (This question can be put to all participants; their different opinions will clearly demonstrate the complexity and difficulty of an adviser's job.)
- Finally, ask the participants "what is a housing co-operative"?

Put the responses on a flip chart but do not comment at this stage as the best way to arrive at a definition is through looking at some examples in later sessions. This initial discussion will give an indication of the level of understanding of the participants and generates participation by everyone.

3. Go briefly through the timetable, stressing that participants will be required to contribute their own ideas, not merely listen to other people talking. Stress that people learn more through active participation than by passive listening.
4. Ask each participant to summarise his or her previous training and practical experience for the group, and to state what he or she hopes to gain from attending this course. Emphasise that everyone brings something to the course and that, if all return having shared the accumulated experience, a great deal will have been gained. Resource persons and the material can

only provide some ideas about techniques and a structure for the course. The major input will come from the participants themselves.

5. Explain that the purpose of the course is to improve participants' abilities to actually advise housing co-operatives more effectively, and not merely repeat theories or principles without putting them into practice.

Explain the main features of the "Action Commitment" which is included in this programme:

- Before the end of the programme each participant is expected to have identified at least one major task related to housing co-operatives which they will carry out when they return to their jobs.
- On the final day of the course everyone will work out, in consultation with colleagues, detailed action plans to which they will commit themselves.

Tell participants that the instructor intends to contact them at a later date in order to assess how successful they have been in implementing their plans. The course, rather than they themselves, will be evaluated by their success.

Ensure that any administrative problems are dealt with. Matters of accommodation, payment of expenses, transport, rooms for private study and any other points of information should be settled now.

Finally, ask each participant to state what he or she hopes to learn from the course. Present the structure of the course once more and discuss with participants whether any modification based on their expectations and on the level of understanding brought out by this session is required.

PRE-COURSE QUESTIONNAIRE

Name: _____

Employer: _____

Job Title: _____

Brief description of your responsibilities:

What is your experience of Housing Co-operatives?

What parts of your job do you find the most difficult?

Please complete the following sentence:

As a result of attending the course on Housing Co-operatives, I hope that I shall be able to:



Types of Housing Co-operative Activities

SESSION 2

TYPES OF HOUSING CO-OPERATIVE ACTIVITIES

Objective : To recognise the needs of potential housing co-operative members and to identify favourable conditions for initiating different types of housing co-operative action.

Time : 2 - 3 hours.

Material : 3 Case Studies.

Session Guide :

1. Divide the participants into groups and distribute Case Study 1. Give them 30 minutes to write their answers to the three questions at the end of the Case Study.
2. Reconvene the group and let them present their responses which should include the following:
 - a. The residents of the settlement have poor housing and living conditions. What are the reasons for this? The case study has shown that there are a number of reasons.
 - The residents are poor, they cannot afford to invest significantly in "permanent" houses.
 - All the land is owned by a private individual and people will not invest even small amounts in housing if it can be taken away from them.
 - The city authorities have not recognised the settlement and therefore do not provide services such as water, sanitation, refuse collection and health services.

- b. What are the things that Jose and his friends have in common?
- The residents have a common need - bad housing conditions.
 - They have a common bond - they are neighbours and many come from the same area and therefore have the same culture.
- c. Suggest areas where the co-operative can take action. The proposed co-operative could do the following:
- Acquire the land from the private landlord, using savings gathered from the community. It will be the best offer the landlord can get!
 - Own the land as a co-operative on behalf of the members, thereby providing them with security.
 - Lobby politicians to have the city authorities recognise the settlement and provide basic services - water, sanitation, roads and drains. The city might also provide health and education services.
 - Organise the community to undertake house improvement and construction programmes, using finance mobilised from members of the housing co-operative.
 - Support business in the settlement so that residents will have more income to enable them to improve living conditions in various ways. These businesses could include women's groups and workers' co-operatives.
3. Point out that this case examines the opportunities for co-operative action in an urban informal settlement where the co-operative will essentially be trying to improve or upgrade conditions on an existing site.

4. Distribute Case Study 2 and give the participants 30 minutes to read it individually and answer the three questions at the end of the Case Study. Lead a discussion based on the points raised in the Case Study in which the following responses will be elicited from the participants.
 - a. How can Perla and her neighbours organise some savings to enable them to obtain the machines and make building materials?
 - The groups can organise a co-operative which will collect regular savings from members. This could be done by deducting a small proportion of crop sales to the marketing co-operative.
 - b. How should they organise the production of materials?
 - The co-operative can benefit from the training offered by the NGO and learn how to produce building materials. They can buy tile and block making machines on credit. The women could take turns at making the materials for each of their houses and helping each other in construction.
 - c. How can the group generate some income from the project to enable them to afford to improve their houses?
 - There will be a general demand for the materials if they are cheaper than other materials and perform better. The women can sell the materials which they make; this will not only enable them finance the improvement of their own houses but will also generate income to cover expenses for such things as medical and school fees.
5. Summarise the discussion by explaining that this type of co-operative is suitable for rural areas where land tenure is not a problem but where finance and access to suitable materials are the priorities. Point out

that this type of co-operative also provides considerable scope for income generation.

6. Distribute Case Study 3 to the participants and give them 30 minutes to read and answer the two questions at the end of the case study. Ask them to write down their answers to the two questions at the end of the Case Study. Lead a discussion based on the questions raised in the Case Study in which the following responses will be elicited from the participants.
 - a. The information provided to the meeting suggested that the tenants in the old council housing could organise two complementary projects. What are they?
 - The tenants can do two things. They can form a housing co-operative, obtain land from the council and start a new housing project. They can also form a housing co-operative to acquire their existing land and housing and then renovate the houses.
 - b. How can the two projects be organised on a co-operative basis?
 - It would probably be better to have two co-operatives, one to build new houses and the other to renovate old ones (a tenant purchase co-operative).
7. Conclude the session by emphasising that the it has concentrated on two areas. First, it has looked at different housing needs which housing co-operative might help to solve. It has examined the needs of residents in informal settlements in rural areas and in dilapidated public housing. Second, it has examined some co-operative solutions, including upgrading informal settlement and acquisition of tenure, rural housing and building materials co-operatives, co-operative for constructing new buildings and tenant pur-

chase co-operatives. Point out that there are many variations on these types and that they must be adapted to local situations and needs.

Case Study 1.

THE URBAN INFORMAL SETTLEMENT

Jose came to town from a village to look for employment. He knew some relatives in town who had come from the village earlier and who were settled in one area. One of them invited Jose to stay with him, offering him a single room until he had enough money to find his own accommodation. Jose, being a carpenter, had no difficulties in finding work with a carpenter who operated a small carpentry shop nearby. The business was mainly carried out on the street in front of the two rooms where his employer and family lived. The income was precarious but at least it provided Jose with enough money for nourishment and even to make some small savings.

The area he was living in was on land which belonged to a private individual. The residents had encroached onto this land, piece by piece, and had established an unplanned settlement. The owner of the land had accepted the situation but charged each household a land rent. The settlement had many advantages for them, it was near the commercial and residential areas and therefore made access to work easy and cheap for those in formal employment. The cost of the housing was cheap as they had constructed their own houses at minimal cost. For many, the area provided a basis for economic activities. For example, many women were engaged in tailoring and similar activities which they could carry out at home. They also made an income from trading in the small informal market which had sprung up to serve the needs of the community. Streets were lined with small businesses operating out of shanty structures but which provided valuable employment. There were tinsmiths, carpenters, motor mechanics, bicycle repairers, radio repairers and so on.

There were also many disadvantages. The site was unplanned with narrow and twisting roads which were impassable on rainy days, except by walking, and very dusty during the dry season. Water had to be carried from standpipes provided by the city adjacent the settlement. This took up a lot of time for women in particular. The sanitation system was extremely poor. Simple pit latrines had been dug by some residents but these were not enough and they tended to overflow when it rained. The effect of these conditions were that there was a greater incidence of disease than in higher income areas - particularly those affecting young children - such as diarrhoea, measles, respiratory complaints, malaria, worm and parasitic infestations, and skin conditions, especially scabies.

The combined effect of poor sanitation, substandard housing and overcrowding posed a grave threat to the health of all residents. Inadequate provision for disposal of refuse and human waste led to serious contamination of the environment. There was only one dumping site for refuse within the settlement. The city authorities intermittently collected refuse, but most of the time it remained rotting in the street, a hazardous playground for the young.

The homes themselves were equally hazardous. The mud and wattle walls and the dirt floors harboured disease-carrying vermin. The plastic and cardboard roofs let in flies which settled on the waste and refuse. Mosquitoes bred in the stagnant water. In the rainy season the houses were cold and damp. As a result of high demand and limited incomes most families occupied only a single room of about nine square meters. In some cases room was shared by several households some of whom used it during the day and others at night. These densely occupied dwellings, squeezed together in rows, lacked space for recreation or for vegetation.

Jose being an energetic and enterprising person he began to prosper. He started his own small carpentry business and began to attract customers from an adjacent middle income

area who found his workmanship good and prices fair. He rented a room of his own and brought his wife and two children from the village to live with him. He was now an urban resident.

Jose was also a natural leader; he began to talk to friends about their lives, in particular about their living conditions within the settlement. Did they and their families have to live in these conditions for the rest of their lives? Jose asked the friends to explain why housing and living conditions had to be so bad. one friend said that there was a very fundamental reason: the land did not belong to the community so no one was willing to invest in better housing, even if he could afford it; they might all be pushed off and lose their investment. Another said that the city authorities did not provide services such as refuse collection and water because the settlement was not authorised. Yet another pointed out that most people in the settlement had very low incomes and could not afford to invest in permanent houses and services such as piped water and water borne sanitation to each house .

Jose then asked the group to look at the positive side - at the resources they had, whether they be financial, political or human. The following were identified:

- The owner of the land was known to be frustrated with the squatters living on his land as he knew it was politically impossible to remove them. He was looking for a way to dispose the land but did not know how he could sell it.
- Politicians obtained votes from the residents of the settlement and could obtain recognition from the city if the residents made clear that they would only vote for politicians who supported them.
- There were some financial resources in the settlement, most people had small savings and could contribute a little on a regular basis if they felt that they could obtain better housing conditions.

- There were many human resources in the community; some people had organisational skills, others were skilled or semi-skilled artisans. People could work together to improve conditions.

The group wanted to know how they could best organise themselves. Jose recalled that when he was living in the village they organised themselves through a marketing co-operative. He suggested that a housing co-operative might be the best way to achieve their objectives.

Assignment

- A. The residents of the settlement have poor housing and living conditions. What are the reasons for this?
- B. What are the things that Jose and his friends have in common?
- C. List the areas where the co-operative can take action.

Case Study 2

THE RURAL HOUSING CO-OPERATIVE

Perla is the wife of a small farmer in a rural area. They grow cocoa as a cash crop which they sell through a co-operative marketing society located in the neighbouring village. They also grow some food crops for their own consumption and which Perla also sells in the village weekly market. Unlike people in towns, the family has plenty of space, they are not crowded together.

Recently, Perla and her neighbours have noticed that despite the fact that they have adequate food to provide a well balanced diet to all the family, the children, in particular, suffer from diseases quite often. She and her friends invited a community health worker to discuss the problem. The health worker had asked where the children slept and was shown the grass-roofed houses with mud and wattle walls and dirt floors. The health worker had pointed out that many of the roofs were in a bad state of repair and that the 'insides of the houses were damp. Some of the walls were crumbling as they were affected by water running down them. This was one cause of the diseases among children, she said.

The health worker had also looked at the sanitation arrangements used by most farmers and their families and saw most people used a pit which was uncovered for most of the time and in which flies were breeding and then flying into the house. Another cause of disease, the health worker pointed out.

The group of women then discussed the reasons for their inadequate housing. One said that they had traditionally made roofs from grass but now, with more people farming the land, there was little space left to cultivate grass. It was now a commercial commodity and was expensive.

Another said that the only walling material that she knew about apart from mud and wattle was concrete blocks, but these were very expensive as the cement had to be brought from the city and sand was not available locally. A third neighbour said that their latrines had always been the same but she wondered if there was a way of making them less hazardous to health.

They invited a specialist in building materials from a non-governmental organisation which specialised in low-cost materials. They wanted his advice on what to do now that their problems had been identified. He suggested that for the roofs it would be better to use fibre/cement tiles. These could be made from vegetable fibre mixed with a small quantity of cement. For the walls it was possible to build using earth as before but mixing it with cement and making blocks which were as durable as those made with cement and sand, if properly made. The processes for making the tiles and blocks were very simple but did require an investment in block and tile-making machines. The sanitary facilities could be improved by having a ventilated pit latrine, commonly known as the "V.I.P." This required a small investment in cement to line the latrine and make a cover. It did stop flies from breeding and did not smell. He concluded by saying that his organisation would provide the machines for making tiles and blocks on credit and would also provide training in their use and on new building methods.

The women were very enthusiastic about what they had heard, for it seemed as if they could have better houses and sanitation. One member was cautious; she wanted to know how they could pay for these improvements as the cash surplus which they had was very little after the family had sold the crop. Perla suggested that they think of the solutions which might enable them to improve their houses. She pointed out that they successfully marketed their crops through co-operatives and that perhaps they should co-operate in improving houses. The group agreed to explore how they could form a co-operative that would enable them to mobilise savings and to manufacture materials.

Assignment

- A. How can Peria and her neighbours organise some savings to enable them to obtain the machines and make building materials?
- B. How should they organise the production of materials?
- C. How can the group generate some income from the project to enable them to afford to improve their houses?

Case Study 3

THE DISSATISFIED TENANTS

The residents of a low-income neighbourhood in an industrial town rent their houses from the town council. The council had been the main provider of housing for low-income groups for many years but, with worsening economic conditions in the country as a whole, the council is now unable to construct housing to let to low-income families. Even worse, the council is not able to maintain the housing in spite of its being built of permanent materials. The roofs leak, the houses are all damp, water supply is erratic and the sewerage system has ceased to function properly. Due to the shortage of decent housing there is now severe overcrowding in the houses as the council lets each dwelling to two or more families.

Francisco, his wife Joanna and their family are typical residents. He works in a local factory manufacturing textiles and his wife has a stall in the market. He is a keen member of neighbourhood sports clubs and his wife is a leading organiser of activities which are based at the local community centre.

They have become disillusioned about the ability of the council to provide them with housing and have decided to hold a protest meeting at the community centre. At the meeting several residents say that the council should do something. It should renovate old houses and also build new ones. The representative from the council says that he sympathises with them but that the council faces many problems. To start with, there has been a rapid expansion of the population of the town owing to migration from rural areas and also due to natural increase. Secondly, the council is not as efficient as it used to be in collecting local taxes - money which is used to maintain housing and provide services. Thirdly, the government used to lend

money to build new houses which the council then paid back over a long period of time. The government no longer lends money for this purpose.

The only resource which the council has is land. If the residents can organise themselves somehow then the council will provide sufficient land for them to build housing. He also discloses that the council is considering selling the properties that the community was renting at the moment. They would prefer to sell to existing tenants if possible. The meeting considers what to do and one speaker says that they are being presented with an opportunity to use their own resources to help themselves, rather than waiting for help to come to them. If they show some initiative then they will be able to attract the technical and financial assistance that they would most surely require in building a new housing project for themselves.

That is all very well, observes another resident, but how will such an initiative be organised? He says that they are a community of neighbours who know each other well and who organise some social activities. None of them have has the financial means to go and build their own houses on the sites offered by the council.

Another speaker says that he has heard about housing co-operatives which were a means to enable groups of people to provide themselves with housing - something which low-income individuals find very difficult to do. He explains that the housing co-operatives enable individuals to combine their resources, whether they be financial resources in the form of savings or human resources in the form of skills and time.

The council representative says that he has been to a meeting in the capital where they were addressed by someone from a new organisation which had been formed to assist housing co-operatives. The organisation provides finance and technical support but only to groups which have shown some initiative and organised themselves.

Francisco then proposes that interested residents living in rented council property should form a housing co-operative with the objective of acquiring land and then mobilising finance and labour to build new housing. When this has been achieved they will approach the organisation supporting housing co-operatives for the finance and specialist assistance they require.

Assignment

- A. The information provided to the meeting suggests that the tenants in the old council housing could organise two complementary projects. What are they?

- B. How can the two projects be organised on a co-operative basis?



Characteristics of a Housing Co-operative

SESSION 3

CHARACTERISTICS OF HOUSING CO-OPERATIVES

Objective: To enable the participants to identify the characteristics of housing co-operative and the main features of housing development strategies.

Time: 2 1/2 hours.

Material: Mini Cases.

Session Guide:

1. Many participants will not be familiar with housing co-operatives although they may have experience of other types of co-operative, such as agriculture marketing and credit.
2. Ask the participants "what is a housing co-operative". Put the responses on a flip chart but do not comment at this stage as the best way to arrive at a definition is through looking at some examples. This initial discussion gives an indication of the level of understanding of the participants and generates participation by everyone.
3. Distribute the Mini Cases entitled "Which is a housing co-operative?" to each participant and allow 30 minutes for the assignment. Participants must work on their own so their understanding can be evaluated. Ask each participant in turn what kind of housing organisation is illustrated by each case. Do not give any indication which are "right" and which are "wrong". List the responses on the flip chart, preferably using a table in the following form:

<u>CASE</u>	<u>HOUSING CO-OPERATIVE</u>	<u>OTHER TYPE</u>
A		x
B		x
C		x
D		x
E		x
F	x	
G	x	

If all participants have identified F and G as housing co-operatives then there is little need to discuss all the other examples. However, as there are two different types of co-operative in the examples, some discussion will be necessary. Below are the "answers" to the examples given in the Mini Cases.

A is not a housing co-operative as the beneficiaries do not own the houses or have any democratic control over the trust.

B is not a co-operative; it is private home ownership, even though the council has been the developer.

C is company housing which is owned and controlled by a company. It is not a co-operative.

D is a co-operative, but not a housing co-operative as the purpose is to gain income through contracting, not to provide housing for the members.

E is a co-operative but not a housing co-operative as it is for short term lending only and the primary purpose of the society is credit for members, not improving housing.

F is a housing co-operative but of an extremely limited kind.

G is a typical housing co-operative which acts both as a developer and as a manager of the housing project

which the members build together.

There are four co-operatives identified in the Mini Cases task but only two of them are housing co-operatives and one of these is of a very limited kind.

4. Divide the participants into groups of five and ask them to define a housing co-operative compared to other types of housing, for example, housing built by individuals or housing provided by a local authority. Give the groups 30 minutes to suggest some definitions and put these on the flip chart. The intention is not to come up with legal definitions but to have an agreed understanding on the difference between co-operative and other types of housing.
5. When the responses have been written on the flip chart lead a discussion with the objective of completing (if the group has not already done so) the basic definitions of housing co-operatives. A completed list will contain these elements:
 - a legally incorporated group of persons, pursuing the same economic purpose, i.e. better housing. (The group may not be legally registered to begin with but it will eventually have to do so).
 - membership is voluntary; members must wish to join a co-operative, it is not a co-operative if they are forced to join and if this is done it is likely to fail.
 - democratic control; one member one vote irrespective of shares held.
 - members make an equal contribution to share capital to meet the common need of housing and only receive a fixed rate of interest, if any, on their investment. (Some societies have unequal contributions as they have members with different levels of income).

- members do not receive surpluses in proportion to their volume of business with the co-operative. That is not the purpose of a housing co-operative. They are joint investors in providing housing as a social goal. Normally, the only time a surplus is realised is on the transfer of a unit and then only if the co-operative has previously agreed to do this.
 - members work together through mutual assistance to achieve their housing goal.
 - members often provide their labour to jointly build their houses.
6. Begin this exercise by informing the participants that a housing co-operative is much more complex than a credit union. Inform the participants that the members of a credit union want to decide whether to form a housing co-operative to solve their housing problems. A credit union often provides the common bond for a housing co-operative.

Divide the participants into groups of five. Ask each group to list the distinctive characteristics of a credit union and of a housing co-operative. Allow 20 minutes for the exercise and then reconvene the participants and ask for the groups to report. The list on the flip chart may look like this:

CREDIT UNION	HOUSING CO-OPERATIVE
Loans for 3 years	Loans needed for long period (15 - 20 years)
Raises own finance	Need to borrow externally
Loan secured by salary/guarantee	Loan secured by property
Only lend cash	Must acquire land, design housing, secure loans, hire architects, lawyers etc.

7. Lead a discussion on the differences between the two types of co-operatives, emphasising out the differences. An important point to stress is that the funds of the credit union should not be mixed with those of the housing co-operative.

8. Divide the participants into groups of five and ask them to list the characteristics of housing co-operatives and to enumerate what, in their view, are the advantages and disadvantages of housing co-operatives, based on their experience or from what they have heard. Give 30 minutes for this task.

9. Reconvene the participants and ask each group to report to the plenary. Write the responses on the flip chart in two columns, one for advantages, the other for disadvantages. The points will be taken up in a later session but the responses will give an indication of the understanding and opinions of participants.

Below are some of the responses which you should elicit:

Advantages of housing co-operatives may include the following:

- They allow people to participate in providing their own housing

- A group is stronger than an individual, making it easier to;
 - acquire land as a group
 - obtain planning permission
 - combine savings
 - build together.

- They provide people with an opportunity to acquire experiences in participatory decision making and to gain control over their own lives.

Disadvantages of housing co-operatives may include the following:

- They require considerable effort and commitment from the members. If this is lacking the co-operative with experience problems.
- They require individuals to forego possible personal gain so that the members as a whole will benefit.
- In some types of co-operatives members do not have individual title to their own houses.

Case Studies

WHICH IS A HOUSING CO-OPERATIVE

- A. A group of philanthropists in a town form a trust so that they can provide affordable housing for poorer families who are in great need. They provide finance and then build houses. The trust makes contact with the poor families and selects those who can benefit.
- B. The town council decides to provide housing to lower and middle income families. It builds a large estate and then holds a ballot to select beneficiaries from the eligible families. Those selected are given the opportunity to buy their houses with a loan provided by the council.
- C. A group of workers decide that they need better housing and approach their employer to assist them. The employer agrees and builds an estate. A low rent is charged, much lower than they would pay to a private landlord. If a worker leaves the company he loses the right to live in the house.
- D. A group of artisans decide to form an organisation to build houses. They hope to obtain bigger contracts than they obtain when working individually. They discover that being organised as a co-operative is the best way for them and they begin to take contracts to build houses.
- E. The members of a credit union decide that they need finance to help them build and improve houses on their plots. They decide to provide loans to members for this purpose.

- F. A group of neighbours who are living on rented accommodation decide that they want to build their own houses. They form a co-operative to acquire the land jointly and then they subdivide it so that each has individual title. They build their houses individually.
- G. A trade union branch identifies a need for improved housing for its members. They already have a credit union but decide to have a separate organisation for those who want to obtain housing. Their objective is to save money and then to obtain a loan to buy land and build houses. They decide to form a co-operative through which they will own the land and houses.



Developing a Member Profile

SESSION 4

DEVELOPING A MEMBER PROFILE.

Objective : To enable the participants to assess the needs and basic characteristics of potential members of a housing co-operative.

Time : 2 - 2 1/2 hours.

Material : Two Case Studies.

Session Guide :

1. In this course we have used a hypothetical housing co-operative in a number of exercises. The co-operative is known as "Pioneer Housing Co-operative Society". In the case studies there is some information on the general housing situation and how it affects the potential members of Pioneer Housing Co-operative Society. There is also a description of the structure of the co-operative movement.
2. Give each participant a copy of the two case studies. Allow adequate time for them to read the cases and then ask each participant to list the common problems shared by the persons described in the case studies. Write these on the flip chart, eliminating duplication. The final list should include the following:
 - No security - the landlord might ask them to leave or force them out by raising the rent.
 - High rents; monthly rents can take up nearly 50% of wages.
 - Bad location - it is difficult and expensive to get to work.

- Bad conditions, overcrowding, lack of privacy, poor access to water and sanitary facilities.

The participants have read the case studies and now know something about the potential members of Pioneer.

3. Divide the participants into groups of 5 and ask them to list (write on the flip chart) the positive and negative aspects which the members of Pioneer possess which will influence their ability to form a successful housing co-operative. Pose the following questions to the groups to guide them in discussion.

- a. Do they have a common need?
- b. Do they have a common bond?
- c. What resources can the members mobilise to reach their goals? (By resources is meant finance, organisational and practical skills, access to external support).
- d. Will the fact that members have different income levels cause problems? If so, how will these be overcome?
- e. Will there be external problems such as political interference

4. Ask each group to report back to the plenary, using the flip charts. Make sure that they cover the following points.

- The common need has been described in the case studies and identified in (2) above, i.e. lack of security, high rents, bad locations and bad conditions;
- The common bond is of course the workplace and membership of the credit union;

In terms of resources the potential members are rela-

tively well endowed. Being employees of a construction firm they have many of the required technical skills and the management of the credit union means that many members have the requisite skill to organise a housing co-operative. The employer may also be able to assist, perhaps by making it possible for building materials to be bought in bulk. In contrast to weak individuals negotiating for small pieces, they also be in a stronger position to negotiate for a large piece of land. Unity through a co-operative will also help them to negotiate with city planning authorities.

Different income levels can cause problems and should be recognised. Later sessions will examine some solutions to the problem.

Interference from politicians can occur and co-operatives should be prepared to deal with negative influences which may disrupt the co-operative.

Case Study 1

THE NATIONAL CONTEXT

The country is primarily agricultural cash crops marketed through agricultural marketing co-operative societies. The majority of co-operative members are members of these societies. However, in common with many countries, the towns and cities are growing fast. The major cause of this growth in the urban centres used to be primarily the movement of people from rural to urban areas - usually single men looking for work who were joined later by their families. Now the greatest cause of growth is "natural increase", i.e. children born in the towns.

A low-income head of household in an urban situation has an income of approximately 2,500 per month. A middle income head of household has an income of approximately 8,000 per month. The rent for a room in an low-income settlement is 500 per month and for a house in a middle income area it is about 1,500 per month.

The co-operative movement is structured with primary co-operatives which form unions for each category (e.g. agricultural marketing, industrial/handicraft, credit unions). These unions are members of the National Co-operative Union which represents all co-operatives.

In the towns the majority of co-operatives are credit unions, sometimes called savings and credit co-operatives. They are based on existing social and economic ties, often called a "common bond". These include churches and other religious groups, the workplace, neighbourhood groups etc. Members make regular deposits with the credit unions and can borrow up to three times their savings or three times their monthly income. Loans must be repaid within a maximum period of three years. The success of the credit unions has

encouraged members to try and solve other problems through co-operatives. There is a pressing need for better housing. Many of the residents in the middle and lower income brackets are renting houses or rooms. They are finding that the monthly rent takes a large part of their income - sometimes as much as 50% - and they can be evicted at any time if they are in arrears with the rent or if they are unable to pay increased rents. Many are facing serious problems of overcrowding and lack of access to services such as clean water supply, refuse collection, electricity and proper sanitation.

To support those trying to solve their housing problems through co-operatives the National Co-operative Union has established a housing co-operative unit (HCU) to assist them in this complex process. The housing co-operative are not strong enough as yet to form their own union which will provide them with the services which they need. As many co-operatives have found, housing is complicated as it includes acquisition of land, designing housing and infrastructure (i.e. water, sewerage, roads, drainage and electricity), constructing the houses, locating finance, organising the co-operative and training the members.

The HCU works with the potential members of new housing co-operatives from the outset, providing guidance and technical expertise from the time the co-operative is initiated and all the way to completion of housing construction and post-occupancy management.

Case Study 2POTENTIAL MEMBERS OF PIONEER:
AN EXAMPLE OF A PRIMARY SOCIETY

The future members of Pioneer society all work in the same enterprise, a large contracting firm, and include skilled and unskilled labourers, foremen and office workers. The firm has approximately 1,000 employees. They do not earn large salaries although they are not in the poorest income group. Incomes range from 1,000 to 6,000 per month. The firm is a good employer and has helped with a credit union established by the employees, for example by providing a "check-off system" for loan and savings deductions.

Most of the employees of the construction firm are members of the credit union which serves the employees exclusively. Each member save a fixed amount each month, which is deducted from his or her salary. The loans committee approves loans to the members which must be paid back within 36 months at an-interest rate of 12 per cent. The loans are used mainly to pay for school fees, hospital bills and consumer items such as bicycles.

The members of the credit union have begun to discuss how their housing conditions might be improved and have decided to hold a first meeting of all interested Members, first of all to discuss why they need better housing.

One skilled carpenter says that he rents three rooms and that with a wife and four children these are not enough. He further explains that there is only one water tap and two pit latrines which are shared by all the tenants of the building. For this he pays 600 per month out of a salary of 2,400. He is afraid that if the rent goes up again, as it did last year, he may not afford to stay in the building.

A secretary says that she is bringing up three children alone on her salary of 850. She rents two rooms in a block of flats where she has a bathroom and kitchen which she shares with the owner of the flat - who also lives there. Her children find it difficult to do homework and she has little privacy. What is more, the flat is nearly 20 kms from where she works and the daily fare of 30 eats into her income.

An unskilled labourer says that he is living in one room in a shanty area which is outside the centre of town. His wife has recently joined him and they have two children. They have to buy water from a standpipe (it costs them much more than middle income people on housing estates pay) they have no electricity and the building is constructed of earth and sticks. However, there is such a large demand for housing that they have to pay 400 per month in rent out of an income of 1,500.



Organisation and Structure

SESSION 5

ORGANISATION AND STRUCTURE

Objective: To enable the participants to identify the activities which the co-operative must undertake to create an appropriate organisational structure and to recognise the ways in which the various components of the co-operative housing development process are interrelated.

Time: 2 - 2 1/2 hours.

Material: Two exercises.

Session Guide:

1. Emphasise that the goals set by the members (or prospective members) influence the organisational structure of co-operative, its legal framework, and many other aspects. Give the example that a small group which wants to assist each member to build houses on individually owned plots may not need to establish a housing co-operative. An informal group will be sufficient. However, a group wishing to acquire land jointly and build houses together need a formal structure such as a housing co-operative.
2. Remind the participants that during the course they will follow the prospective members of Pioneer Housing Co-operative who have decided to build new houses for themselves on land which has been identified by the Housing Co-operative Unit. Explain that the land belongs to the government and there will be no charge for it as co-operatives have priority for land allocation but is the co-operative had to purchase private land the financial calculations and other consider-

ations would be different.

3. Distribute Exercise 1 and ask the participants to identify the tasks which the co-operative must undertake to achieve its objectives. Give the participants 15 minutes to note down the activities to be undertaken by the co-operative in developing a housing project. The participants should use the headings provided in the exercise.
4. Ask each participant to read out his or her list and then put the answers on the flip chart. You should then be able to categorise the responses using the completed chart below.

Responses to Exercise 1.

a) Formation and Registration

- Prepare bye-laws.
- Register the co-operative.
- Collect share capital and entry fee.
- Train the prospective members.
- Organise committees to undertake specific tasks.
- Decide how many members can join.

b) Finance

- Start a savings programme for the members.
- Work out how much the members can afford.
- Work out how much housing will cost.
- Negotiate a loan.

c) Design

- Calculate how many houses can be put on the site which has been offered.

- Plan the site so that it has roads, footpaths, and perhaps shops, schools, a health centre, a social centre etc.
- Plan the type of houses to be constructed.
- Cost the various options produced by the designers for both the houses and for the infrastructure.

d) Construction

- Decide how the construction of the infrastructure and houses will be done, e.g. by a big contractor, small contractors, co-operative members, or by a combination of these methods.
- Obtain costs for the various options for implementing construction.

e) Tenure

- Decide how the houses and the common areas will be owned.
- Decide what happens if a member leaves the co-operative after investing in a house.

5) If the participants have not covered everything you should add the missing items. Note that the various areas overlap in some instances. This is a key point as there must be co-ordination between, for example, designing housing, costing construction and determining what the members can afford.

6) When the list has been finalised divide the participants into five groups and distribute Exercise No 2. Ask them to suggest how the co-operative might be structured to perform the activities identified in the previous exercise. Inform them that their responses should be guided by the four basic questions below:

- a) What will be done? (Activity)
- b) How will it be done? (Method)
- c) Who will do it? (Responsibility)
- d) When will it be done? (Sequence)

The responses to the exercise will vary according to the existing level of knowledge of the participants.

- 7. Ask the groups to present their outline proposals showing the steps which the housing co-operative should take to implement its project. Partly because each group will depend, to some extent, on the decisions of the others, it is unlikely that each one will be able to complete every column. For example, it will be the "formation and registration" group which will be considering how various committees will be established to manage the project.
- 8. Put the responses on a flip chart then lead a discussion on how the various components fit together. Advice from one group will assist in completing the report of another. At this stage it is not too important that details are worked out. What is important is that the participants appreciate the different components, the way they relate to each other, who has responsibility for carrying them out and how they must be translated into an interrelated series of activities.
- 9. On the next page are some possible answers to Exercise 2.

Example of a Group Output for Task 2Group 4 - Construction

Activity	Method	Responsibility	Sequence
Clear site	Members	Bldg. Comm.	1
Cost materials	Obtain quotations	Purch. Comm.	2
Obtain materials	Purchase	Purch. Comm.	3
Dig trenches	Members	Bldg. Comm.	4
Make roads	Big contractor	Bldg. Comm.	5
House foundation	Small contractor	Bldg. Comm.	6
Walls and roofs	Small contractor	Bldg. Comm.	7
Install electr.	Electr. company	Bldg. Comm.	8
Finishes	Members	Individ. memb.	9

Exercise 1

You are a member of the formation committee of Pioneer Housing Co-operative. The co-operative has not been officially established and registered as yet. The prospective members have elected a formation committee mainly composed of those who thought that a housing co-operative might help to solve their problems) and have asked the committee to assess the initial feasibility of co-operative housing.

Each participant should write down the tasks which Pioneer must undertake to achieve the goal of providing better housing for the prospective members. You may find the following headings helpful.

- Co-operative formation and registration
- Finance
- Design of the site and of the houses
- The construction process
- Tenure (ownership of the site and the houses).

Some things are known already. Firstly, the prospective members have stated a preference for building new houses. Secondly, the Housing Co-operative Unit has identified some public land which will be available to Pioneer. It will provide space for approximately 500 houses.

Exercise 2

You have now agreed on the tasks which the co-operative must perform to undertake a housing project. The next step is to define how the co-operative might be structured to perform these tasks. Each group will take the list of items to be covered which have been agreed as a result of Exercise 1. The following questions should also guide you:

- a) What will be done? (Activity)
- b) How will it be done? (Method)
- c) Who will do it? (Responsibility)
- d) When will it be done? (Sequence).

The decision should be placed on chart in the format shown below. When entering the sequence place the items you have decided upon in the order in which they will be carried out.

Activity**Method****Responsibility****Timing**



Forms of Co-operative Tenure

SESSION 6

FORMS OF CO-OPERATIVE TENURE

Objective : To enable participants to identify the various forms of co-operative tenure and apply them to their own situation.

Time : 2 - 2 1/2 hours.

Material : Exercises 1 and 2,
One Case Study.

Session Guide :

1. Inform participants that the system of tenure forms the basis of co-operative housing as it is through the system of ownership that the co-operative principles are put into practice in the housing sector. However, different needs and different circumstances have led to the development of different types of tenure.'
2. Ask the participants to identify the different types of tenure used by housing co-operatives. Elicit the three basic types of tenure, namely limited, multiple mortgage and continuing. It does not matter at this stage if the correct names are used as long as participants understand the basic distinctions.
3. Hand out Exercise 1 which defines the different types of tenure. Allow 10 minutes for the participants to read the descriptions given. Display the flip chart with the framework of Chart 1 with the basic titles. The framework is also shown in Exercise 1. Ask the participants to identify the characteristics of ten-

ure under a) each type of tenure and b) each aspect of tenure. Elicit responses which make clear whether it is the co-operative or individuals which have a responsibility under each aspect. The last category, "life of the co-operative, simply describes whether a co-operative will continue or will be wound up after construction has been completed, depending on the type of tenure. Fill in the table in such a way that the completed chart will look as follows:

TYPES OF TENURE

Aspects of Tenure	Limited	Multiple Mortgage	Continuing
Land acquisition	Co-operative	Co-operative	Co-operative
Ownership Land & Units	Individuals	Individuals (plots) Co-op (Common Areas)	Co-operative
Ownership Units	Individuals	Individuals	Co-operative
Loan Arrangement	Individuals	Individuals	Co-operative
Transfer	Individuals (open market)	Individuals (open market)	Co-operative
Life of Co-op.	Terminates when land acquired	Continues for common areas	Continues indefinitely

There are many variations on these basic categories but they provide a framework for discussion.

4. Split the participants into three groups. Give each group a question from Exercise 2. Encourage them to focus on the advantages and disadvantages of each type of tenure. Let them discuss the question and be

prepared to assist them with technical points. Allow 30 minutes for this exercise.

It is essential that the facilitator is closely acquainted with tenure options both from this manual and from background reading.

5. Have each group report on a flip chart. This should be done briefly (give a time limit of 5 minutes per group). The issues which should have been covered are listed below. The number of points which each group lists will depend on their experience and knowledge. There is also some explanation in bold where necessary. This will assist the facilitator in discussions on the various points which will follow the group presentations. Possible solutions will include:

a) What are the considerations members of a housing co-operative must take into account when deciding on the form of tenure they want?

- Do the members only wish to provide housing for themselves (usually if they are a small group) or will they welcome more members and continue to build housing for the foreseeable future?
- Do the members simply wish to acquire land together and/or to work together in building, e.g. in digging trenches and building together?
- Do the members wish to keep the cost of housing low for themselves and for any future members?
- Do the members have the intention of simply building houses or are they committed to developing a community?
- Do the members wish to provide housing only for potential members with the same common

bond (e.g. the same workplace as for Pioneer or for anyone?

These considerations will influence the type of housing co-operative to be chosen by the members. There is no "right" or "wrong" answer.

b) What are the advantages and disadvantages which housing finance institutions may have in lending to housing co-operatives?

- An advantage is that instead of dealing with many small accounts the institution only deals with one account. This is more efficient, saving time and money.
- An advantage is that the institutions can plan ahead as it knows when it will have to commit its funds to the project.
- A possible disadvantage is that the financial institutions will want the loan security to be on an individual property, not as a "single" or "global" mortgage. Sometime this requirement is part of national legislation and/or in the rules of financial institutions. In most cases this entails having an individual title to each unit.

c) What are the advantages and disadvantages of each form of tenure with regard to transfers, i.e. when a member wants to leave a housing unit.

- The "limited" and "multiple mortgage" co-operative allow members to buy and sell their units on the open market. This enables members to obtain the full market price.
- The "continuing" housing co-operatives enable their members to decide what the price should be. They can therefore decide to keep the price lower so that poorer members of the community can have access to reasonable housing.

The continuing housing co-operative can also take part of the transfer price to finance its own activities, e.g. community activities, development of new units etc.

- The continuing housing co-operative may experience problems from members in times of inflation and housing shortage when the value of the house exceeds by far the price paid.

For example, if in 1980 a member took a 100 per cent loan of \$ 5,000 for a house and wished to leave in 1990 when the value of the unit was \$ 20,000, he or she may well want some of the increased value.

6. Hand out the Case Study. This describes the discussion held by the members of Pioneer Housing Co-operative. Divide the participants into working groups. The task is for them to decide which form of tenure Pioneer should have. Give 30 minutes for this task. Write the solutions of the groups on the flip chart and then have a plenary discussion to decide which form of tenure Pioneer should adopt. The case study points to the conclusion presented below that it will be a continuing co-operative but with special arrangements to deal with transfers. There is no single solution but participants must justify their proposals.

A typical solution to the type of tenure selected for Pioneer

- A. Pioneer agreed to acquire land jointly through the co-operative as land is provided specially to co-operatives by the Housing Co-operative Unit.
- B. Pioneer will own the land permanently as this will ensure that the land will be available for future members of the co-operative when members leave for any reason.

- C. Pioneer will own the housing units permanently, again to ensure that housing will be available for future members of the co-operative.
- D. Transfers of housing units, i.e. when a member leaves, will use the "par value" system. The departing member will receive the amount he or she has invested thorough regular loan repayments plus an amount 2 per cent below the cumulative rate of inflation.

Thus, the departing member is able to finance new housing elsewhere. The new member will pay the same amount to join the co-operative, obtaining a loan to do so. (Pioneer could add a small amount to the transfer amount which can be used by the co-operative for other activities, such as providing community facilities).

- E. Pioneer will take a long term loan of 15 years or more to finance the building of the housing and infrastructure. The members will pay monthly repayments to Pioneer which in turn will pay regularly to the housing finance institution which lent the funds. It should be noted that as long as the co-operative borrows the funds it will normally be required to own all the properties by the lender so that it can provide a security for the loan.

Exercise 1.

Definitions of Types of Tenure of Housing Co-operatives

A. Limited Housing Co-operatives

The co-operative acquires the land and in some instances will build the houses. On completion of the project each member is allocated a plot and the co-operative is then wound up as it has fulfilled its basic objective of acquiring land. The individual plots become the property of each member and they can be sold on the open market.

B. Multiple Mortgage Housing Co-operatives

The co-operative acquires land and builds housing for the members. It borrows money on behalf of the members from a financial institution to finance acquisition of the land, installation of infrastructure and construction of the houses or flats. However, each member owns his own plot and house and has a separate loan agreement with the financing institution. The co-operative will own and maintain the common areas such as roads, footpaths, recreation areas and other community facilities. Members are free to sell their property on the open market.

C. Continuing Housing Co-operatives.

The co-operative owns all the land, housing and common areas. Members do not own their housing individually but through their membership of the co-operative. They each own an equal share of the assets of the society as they all have an equal share holding, thereby owning a share of the housing units and common areas. For example, if a co-operative has 100

members and 100 housing units each member would own one hundredth of the assets of the society.

A member's security is assured by a legal agreement with the co-operative which entitles the member to occupy the housing unit as long as certain conditions are fulfilled, for example, paying a share of the loan repayment and other charges and anything else that the members may agree such as jointly maintaining common areas.

A loan from a financial institution is taken by the co-operative which is responsible for repaying the loan. The co-operative in turn collects from the members.

Members cannot sell their units as they belong to the co-operative. Transfer (sales) of units are therefore carried out in a different way. This is covered below in the Case Study.

CHART 1

TYPES OF TENURE

Aspects of Tenure	Limited	Multiple Mortgage	Continuing
Land acquisition			
Ownership Land & Units			
Ownership Units			
Loan Arrangement			
Transfer			
Life of Co-op.			

Exercise 2

Discussion on Tenure

- A. What are the considerations members of a housing co-operative must take into account when deciding on the form of tenure they want?
- B. What are the advantages and disadvantages which housing finance institutions may have in lending to housing co-operatives?
- C. What are the advantages and disadvantages of each form of tenure with regard to transfers, i.e. when a member wants to leave a housing unit?

Case StudyTENURE AND TRANSFER ARRANGEMENTS FOR
PIONEER HOUSING CO-OPERATIVE SOCIETY

At a general meeting of members the item for discussion was the form of tenure which the co-operative should adopt. The adviser from the Housing Co-operative Unit spoke first and said that the decision was for the members to make and that it was very important to decide, as leaving the decision, or taking the wrong decision, could cause problems later. The adviser explained that tenure was the system of ownership through which members would own the housing units. The adviser then outlined the three basic categories of housing co-operative; limited, multiple mortgage and continuing. (See Exercise 1)

One member said that she would like to have a continuing co-operative as this would enable the co-operative to continue to provide housing to present and potential members. It would also keep costs down. However, a number of members wanted to know what would happen if they left the co-operative, for example, if their employer transferred them to another town. Would they get back what they had put into the co-operative in shares and as a repayment of a mortgage loan? If they left in 10 years the cost of housing somewhere else would be much more.

The adviser explained that a co-operative was a particular type of ownership which enabled a group to combine their resources. If they wanted private ownership that was their own concern. However, inflation did cause problems and it was only human nature that people hoped to gain by the increase in market price of properties.

He suggested that members seemed to want a continuing co-operative but that they also wanted some provision to guard

against inflation. He then suggested some alternatives for the members to consider to regulate transfers. They all enable the departing member to recover his or her investment or equity in various ways from the incoming member.

- a) A fixed value system repays the member whatever he has invested in the co-operative in terms of a deposit, share capital and repayment of the loan.
- b) A "par value" system repays the member the amount invested plus an added amount which is linked to inflation, for example the official rate of inflation during the period of occupancy minus 2 per cent.
- c) A market value system assesses the market value of the unit at the time of transfer and this is paid to the departing member.

In all of these systems there is an opportunity for the co-operative to deduct a proportion of the payment and to use this for collective purposes.

The adviser then asked the members which system they would like to adopt.



Open and Limited Membership

SESSION 7

OPEN AND LIMITED MEMBERSHIP

Objective : To enable the participants to recognise the legal and organisational issues concerning membership of housing co-operatives and to determine appropriate circumstances to introduce "open" or "limited" membership.

Time : 1 - 2 hours.

Material : Case Studies,
Hand Out.

Session Guide :

1. Explain that in many countries wrong advice at the formation stage of a housing co-operative can cause many problems. One of these problems concerns the type of membership and, in particular, whether it is open (all can join) or limited (membership is not open to all). Often those advising housing co-operatives are more familiar with other types of co-operatives where open membership is the norm and where this is indeed included in co-operative legislation.
2. Distribute the case studies and ask the participants to read them. The participants should examine the specific characteristics of each case and identify the positive and negative aspects of each. This can be undertaken either individually or in groups.
3. Ask the participants to report back to the plenary and write the points they have identified in each case study on the flip chart. The points they make should include the following:

Case A

Kubwa housing co-operative enables many people to join but when will they all get a house? It may have the effect of raising expectations initially and then making members disillusioned with housing co-operative.

Case B

Kidogo housing co-operative has a much more limited membership as it is for the workers in one factory. However, the number of plots on the available site are fewer than the number of members. The co-operative has the choice of limiting membership to 200 or having 300 as members and selecting 200 for the first site which has become available and hoping to obtain more land for the remaining 100.

Case C

Maridadi housing co-operative has no problem with membership. The capacity of the site is already defined by the fact that the members are living on them. The membership is exclusively for improving housing for existing residents.

Case D

The co-operative housing union enables individuals and groups to join, knowing that they will obtain a house, even if they do not know exactly when this will happen. However, they may be allocated a house in a project where they do not know their new neighbours and therefore the common bond may be weak.

4. Lead an open discussion on the points raised above which should elicit the following points:

- a) Open and Limited Membership

The co-operative law in many countries follows the principle of open membership. This principle is intended to ensure that people cannot be ex-

cluded from membership as all have the right to benefit from the services of a co-operative - so long as they meet the basic requirements. This principle was originally based on agricultural and consumer co-operatives. However, housing co-operatives and, for that matter, workers co-operatives, cannot always follow this rule. A co-operative cannot necessarily offer a house to everybody who wants one. Finance and land are limited resources. Therefore, in many instances housing co-operative are allowed to have limited membership.

b) Expectation of Potential Members

A co-operative should not offer membership and collect savings and share capital unless it knows that it can provide housing for these members. For example a small co-operative, such as Kidogo (described in Case B) may have 200 plots but if it is certain that it will obtain more land, then it is justified in recruiting more members. On the other hand, Kubwa, the co-operative in Case A, will run into serious trouble as it can never satisfy the members it has recruited. No co-operative should recruit more members than it is able to provide with housing within a reasonable period.

c) Co-operative Housing Delivery Systems

In some countries there are more complex and sophisticated forms of co-operative housing which constitute a co-operative housing delivery system.

A housing delivery system comprises all the activities which combine to provide housing. They include land survey and titling, land transfers and land acquisition, building material production,

the construction process, housing design, appropriate infrastructure, and so on. They are the responsibility of many different organisations.

Some housing co-operative have established systems to undertake many of these tasks as in the co-operative union in Case 4 or the housing co-operative unit which is assisting Pioneer. They are often established as federations or unions of co-operative societies but are sometimes undertaken by government, non-profit foundations or other organisations.

The advantage of such systems is that they can assure co-operatives of land and finance, within certain limits, so that co-operatives can continue to recruit members. In some systems the individual member joins the federation first and is then recommended to a primary which is being formed to take advantage of land and finance acquired by the federation. However, this is a very sophisticated form of co-operative housing and does not apply in most countries.

These types of housing co-operative delivery systems are very complex and rely on a well trained staff and on the efficiency of other factors in the housing delivery system which are outside the control of the co-operative. These include the land transfer system (will it take years to complete the legal processes to acquire land?) and the availability of finance.

(The above section is also reproduced as a hand out for participants. Distribute this at the end of the session).

5. Ask the participants to suggest in plenary what would be the most appropriate system of membership for Pioneer housing co-operative. Write the following cha-

racteristics of Pioneer on the flip chart to assist the participants.

- The housing co-operative is intended for the employees of the construction company.
- The co-operative will receive support from the Co-operative Housing Unit in acquiring land, finance and technical services.
- At the moment Pioneer does not expect to be able to provide housing for all potential members on the first piece of land which it acquires. There are approximately 1,000 employees of the construction company, many of whom will want to join. In the first site identified by the Co-operative Housing Unit there are 500 plots.

6. Write the responses on the flip chart and note that while there is no single answer the case studies suggest that a typical decision of Pioneer would be as follows:

- a) Membership limited to employees of the construction company who wish to join.
- b) Membership on the clear understanding that not all members will obtain plots at once. Some will have to wait for more land to be acquired.

Case Study

Read the following case studies. They give examples of four housing co-operatives which are organised in different ways.

1. The Kubwa housing co-operative was formed by a trade union in the capital city. Organisers went around to each trade union branch in the various towns and formed a housing co-operative for each town. They told the prospective members to buy shares and said they would all be able to obtain housing through the co-operative. In just three months they recruited 30,000 members. Although the trade union did not know how to construct and finance housing it hoped that having members would persuade the government to provide land and finance.
2. The Kidogo housing co-operative was formed by a group of workers in one factory. Almost all the 300 workers joined -and contributed share capital. The committee then began to look for land. They identified a site and asked a planner to design a layout for them. His design (prepared according to municipal regulations) allowed the co-operative to build a maximum of 200 houses.
3. The Maridadi housing co-operative was formed among a group of residents in one neighbourhood. They decided to demolish their existing poor housing and to build new houses, financed by a new type of loan provided by the local authority. There were 123 residents and they formed a co-operative to enable them to implement their project on the 123 plots which they owned.
4. A national housing co-operative union has the technical and financial capacity to assist housing co-

operatives. Individuals join a branch of the housing cooperative union which has been established in each town. The housing co-operative union locates land and then allocated the land to members who are located in that area. The members allocated to that site then form a primary housing co-operative to build and manage the project. The programme has assisted in the construction and financing of 27 housing co-operatives.

After reading the above case studies identify the problems which might occur with each case and also the advantages of each case with regard to the nature of the membership.

HandoutDiscussion Points on Open and Limited Membership**A. Open and Limited Membership**

The co-operative law in many countries follows the principle of open membership. This principle is intended to ensure that people cannot be excluded from membership as all have the right to benefit from the services of a co-operative so long as they meet the basic requirements. This principle was originally based on agricultural and consumer co-operatives.

However, housing co-operatives and, for that matter, workers co-operatives, cannot always follow this rule. A co-operative cannot necessarily offer a house to everyone who want one. Finance and land are limited resources. Therefore, in many instances housing cooperatives are allowed to have limited membership.

B. Expectations of Potential Members

A co-operative should not offer membership and collect savings and share capital unless it knows that it can provide housing for the members. For example a small co-operative, such as Kidogo (described in Case B) may have 200 plots but if it is certain that it will obtain more land, then it is justified in recruiting more members. On the other hand, Kubwa, the co-operative in Case A, will run serious trouble as it can never satisfy the members it has recruited. No co-operative should recruit more members than it is able to provide with housing within a reasonable period.

C. Co-operative Housing Delivery Systems

In some countries there are more complex and sophisticated forms of co-operative housing which consti-

tute a co-operative housing delivery system.

A housing delivery system comprises all the activities which combine to provide housing. They include land survey and titling, land transfers, land acquisition, production of building materials, housing design, the construction process, appropriate infrastructure, and so on. They are the responsibility of many different organisations.

Some housing co-operatives have established systems to undertake many of these tasks as in the co-operative union in Case 4 or the housing co-operative unit which is assisting Pioneer. They are often established as federations or unions of co-operative societies but are sometimes undertaken by government, non-profit foundations or other organisations.

The advantage of such systems is that they can assure co-operatives of land and finance, within certain limits, so that co-operatives can *continue* to recruit members. In some systems the individual member joins the federation first and is then recommended to a primary which is being formed to take advantage of land and finance acquired by the federation.

These types of housing co-operative delivery systems are very complex and rely on a well trained staff and on the efficiency of a number of other factors in the system which are outside the control of the co-operative. These include the land transfer system (will it take years to complete the legal processes to acquire land?) and the availability of finance.



Affordability

SESSION 8

AFFORDABILITY

Objective: To enable the participants to determine how much potential members of a housing co-operative are able to afford for housing.

Time: 3 - 4 hours.

Material: Three Exercises,
Questionnaire.

Session Guide:

1. Remind the participants that housing at any level of income is a costly item. Very few people can afford to pay the full price of a housing unit in a single amount. For this reason, housing co-operatives normally have to borrow money on behalf of their members.
2. Ask the participants to identify the possible sources of finance that a co-operative can borrow from. The answers should include the following financial institutions:
 - housing banks
 - building societies
 - savings and loan associations
 - insurance companies, provident funds.
3. Inform the participants that the amount to be borrowed is determined by a number of factors. Ask them to identify the various factors which would be taken into account by a financial institution in deciding whether to lend to a co-operative and how much it

6. Explain that the amount which can be borrowed also depends on the interest rate. Basically, the higher the interest rate and the shorter the period of loan, the higher the regular (usually monthly) repayment. The longer the period of loan, the more interest in total is paid. In many countries interest rates are determined by (a) actions of central financial authorities (e.g. a central bank) and (b) by market forces; the rates can fluctuate. Credit unions often charge lower rates than banks as they give preference to specialised groups of members for short-term loans.

7. Explain that another factor influencing the amount to be lent is the period or term over which the funds are lent. Lengthening the loan period reduces regular repayments. In some cases, the period of the loan is also determined by the age of the borrower as financial institutions define repayment ability as terminating at fixed retirement age.

Co-operatives usually have very little control over the interest rate charged or the loan period. Emphasise to participants that most co-operatives are optimistic about what they can afford at the start and have high expectations that they can provide a house with four bedrooms to all members! They are often disillusioned when they have to face the financial realities the group has been discussing.

8. Let the participants go through a role play exercise to gather information on the incomes of potential members of the Pioneer housing co-operative. The formation committee has to know this to enable it to provide a sound financial proposal. Let them assume that the formation committee has been established but that most potential members have not joined and that, very sensibly, the committee is finding out what it can

offer before encouraging people to join with promises of better housing. They are to gather information from employees of the construction company who are already members of a credit union.

9. Divide the participants into two groups. Each group will perform the same task and the results will be compared in plenary session. The task is to design a questionnaire for a survey among the membership which will enable data to be gathered regarding affordability, willingness to pay and other matters.

10. Distribute Exercise 1 and give the participants 1 hour to design a questionnaire which they would use for members of the co-operative. Each group will present the results on the flip chart and then the plenary will finalise the questionnaire which will resemble the typical questionnaire already prepared by the trainer as follows.

SURVEY OF POTENTIAL HOUSING CO-OPERATIVE MEMBERS

How much income did this household get from the following sources last month?

1. From head of household salary.....
2. From salary of other members (wife/husband/sons/daughters/relatives etc.....
3. From rent (e.g. sub-letting a room(s).....
4. From informal sources of income (e.g. work done in the house such as dressmaking).....
5. From pensions, interest on savings etc.....

What is the monthly (or weekly) expenditure of the household?

6. How much does the household pay in rent per month?.....

7. How much does the household pay for water, electricity and fuel per month?.....
8. How much does the household pay for food each month?.....
9. How much savings does the household have in (a) a savings and credit co-operative, (b) a bank, (c) a building society, (d) other?.....
10. Does the household own a house or flat?.....
11. Would the respondent like to join a housing co-operative?.....
12. How much would the respondent be willing to pay per month for a co-operative house or flat?.....

11. Exercise 2 takes the results of the survey and uses them to calculate what the members can afford to pay for housing. Tell the participants that the coding and analysis of actual survey results is time consuming and for the purpose of the exercise some of the key responses have been partially analysed to provide income data.

12. Inform the participants that the formation committee has taken a decision that it will provide housing to as many members as possible. At this stage the number of members in each income group is not known. This exercise will let the committee know the number and percentage of potential members they have in each income group. Give the participants the partially analysed data in Exercise 2 and ask them to calculate the percentages in each income group in the right hand column. They can then assess the spread of the incomes of the majority of the potential members. Explain to them that the survey results shows both formal and other sources of income. The completed table on the next page shows the various income levels and the numbers and percentages in each category.

<u>Monthly income</u>	<u>Households in each</u> <u>Income Category</u>	<u>Percentage</u> <u>(rounded)</u>
1 - 1,000	16	2
1,001 - 2,000	90	9
1,001 - 2,000	150	15
2,001 - 3,000	180	18
3,001 - 4,000	170	17
4,001 - 5,000	130	13
5,001 - 6,000	70	7
6,001 - 7,000	74	7
7,001 - 8,000	40	4
8,001 - 9,000	20	2
9,001 - 10,000	10	1
10,001 - 11,000	10	1
11,001 - 12,000	10	1
12,001 and above	30	3
No. of potential members	1,000	

13. Ask the participants to report their results to the plenary and to interpret what they have found. The main point to be brought out is that the majority of the households surveyed (79 per cent) have an estimated income between 1,000 and 6,000.

Inform the participants that the survey showed that many higher income participants earning over 6,000 felt that they could obtain private housing and were not interested in joining the co-operative.

14. Divide the participants into two large groups and distribute Exercise 3. The handout contains a table showing income ranges and the participants also have the results of Exercise 2 which gives income ranges of members of the co-operative. Also provided is information on the amount of income (shown in percentages) which potential members are willing to spend on housing. Point out that the percentage varies between income groups. Ask the participants to calculate the amounts which households can pay on a monthly basis for each income category and fill these in the blank left-hand column.

15. Ask the groups to report their results back to the plenary. Point out to them that by using (a) the results from the income survey and (b) information on willingness to pay the participants have made a calculation of affordability, that is, the approximate amounts which potential co-operative members are willing and able to pay for housing on a monthly basis. Use the following table for reference to check the accuracy of the calculations made by the groups and put the correct calculation on the flip chart. Demonstrate the affordability range of the majority of households using two lines as shown.

<u>Income range</u> <u>per month</u>	<u>Amount which can be afforded</u> <u>per month</u>
1 - 1,000	200
1,001 - 2,000	500
2,001 - 3,000	750
3,001 - 4,000	900
4,001 - 5,000	1,200
5,001 - 6,000	1,800
6,001 - 7,000	2,100
7,001 - 8,000	2,400
8,001 - 9,000	2,700
9,001 - 10,000	3,000
10,001 - 11,000	3,300
11,001 - 12,000	3,600
12,001 and above	----

Calculations are based on the upper limit of each income range.

16. Inform the participants that the formation committee of Pioneer now knows what each income bracket is willing and able to afford. However, the management committee does not know how much this will buy until it knows the costs of housing.

Exercise 1.Designing a Questionnaire

You will now plan the role of the formation committee of Pioneer housing co-operative. The objective is to gather information on the incomes of potential members of the housing co-operative. The formation committee has to know this to enable it to prepare a sound financial proposal. The formation committee has been established but most potential members have not joined. Very sensibly, the committee is finding out what it can offer before encouraging people to join with promises of better housing. The information will therefore be gathered from employees of the construction company who are members of the credit union.

The questionnaire should be designed as it would be used by an interviewer. In designing the questionnaire the participants should bear the following in mind.

- a. Income and expenditure is normally calculated on a household basis.
- b. Declared income is not always a reliable guide to real income. The co-operative members have a salary from the construction company which can be checked from company records but members may have other informal employment and other household members will have formal and informal sources.
- c. A supplementary method of determining income for those who do not have regular incomes is to estimate household expenditure.
- d. Willingness to pay is an important factor. Many lending institutions base the maximum they will lend on a fixed proportion of income (usually formal income such as a salary) . This is usually 20% - 30% of salary. Some people may wish to pay more from other sources.

Exercise 2

Calculate the percentage of each income group in the right hand column. This will tell us the percentage of potential members which fall into each income bracket.

<u>Monthly income</u>	<u>Households in each</u> <u>Income Category</u>	<u>Percentage</u> <u>(rounded)</u>
1 - 1,000	16	
1,001 - 2,000	90	
1,001 - 2,000	150	
2,001 - 3,000	180	
3,001 - 4,000	170	
4,001 - 5,000	130	
5,001 - 6,000	70	
6,001 - 7,000	74	
7,001 - 8,000	40	
8,001 - 9,000	20	
9,001 - 10,000	10	
10,001 - 11,000	10	
11,001 - 12,000	10	
12,001 and above	30	
No. of potential members	1,000	

Exercise 3

Calculate the monthly amount which each household will be able to pay for housing by filling in the left hand column in the following table. The information in the table at the bottom of the page will indicate the monthly amount which each income category is willing to spend on housing. The results of Exercise 2 give information on the number of households in each income bracket.

<u>Income range</u>	<u>Amount which can be afforded</u>
<u>per month</u>	<u>per month</u>

- 1 - 1,000
- 1,001 - 2,000
- 2,001 - 3,000
- 3,001 - 4,000
- 4,001 - 5,000
- 5,001 - 6,000
- 6,001 - 7,000
- 7,001 - 8,000
- 8,001 - 9,000
- 9,001 - 10,000
- 10,001 - 11,000
- 11,001 - 12,000
- 12,001 - and above

Amount of Income Willing Members to Spend on Housing

<u>Household Income</u>	<u>Percentage Members Willing to Spend</u>
-------------------------	--

More than 3000	30%
2000 - 3000	25%
1000 - 2000	25%
Under 1000	20%



Costing a Housing Project

SESSION 9

COSTING A HOUSING PROJECT

Objective: To enable the participants to understand how co-operative housing projects are costing and how this is related to affordability.

Time: 4 - 5 hours.

Material: Three exercises.

Session Guide:

1. Remind the participants that in Session 9 they have calculated amount which each income level is willing and able to afford. However, the committee of Pioneer does not know how much this will buy until it knows the costs of housing.
2. Inform participants that:
 - the committee has identified a suitable site,
 - the Housing Co-operative Unit has provided technical personnel to do preliminary calculations.
3. Ask the participants to identify the items which will have to be costed. Write down three headings on the flip chart and the answers in the appropriate column. Explain that the physical components of a housing project are normally divided into the three categories. They are:
 - a. Off-site infrastructure. This includes all infrastructure which is outside the site of the co-operative.
 - b. On-site infrastructure. This is the infrastruc-

ture which is on the actual site owned by the co-operative.

- c. Superstructures. These are the actual buildings, whether they be houses or flats.

The completed table should look like this:

<u>Off-site</u> <u>infrastructure</u>	<u>On-site</u> <u>infrastructure</u>	<u>Superstructures</u>
Roads	Roads	Foundations
Drainage	Footpaths	Walls
Trunk Sewers	Water mains	Roofs
Water mains	Drainage	Services
Electricity	Street lighting	Finishes
	Electricity	
	Site preparation	
	Landscaping	
	Sanitation	

Explain to the participants that all of these items are not necessarily provided for each project; it depends on what can be afforded.

4. Explain that only a small proportion of the cost of off-site infrastructure is normally charged directly to residents of new housing. The bulk of these costs are normally recovered from the community as a whole through local rates and taxes charged by the local authority. The majority of on-site infrastructure and all the costs of the houses is normally charged to members of the co-operative living on the site.
5. Divide the participants into groups and distribute Exercise 1. Allow the groups one hour to complete the costing of the project on the basis of the estimates provided in the table in the exercise. (Explain that these costings are simplified for the purpose of this exercise. For example, land value is not included).

6. Reconvene the group and let them present the completed table. It should look like this:

Costing the Project

All costs in 000's

	Package X	Package Y	Package Z
<u>On-site</u>			
Roads	3,187	2,615	1,689
Drainage	1,991	1,991	537
Water	1,375	777	948
Sanitation	2,175	2,060	500
Street lights	100	720	400
<u>Off-site</u>			
Roads	320	320	320
<hr/>			
Sub-total	9,148	8,483	4,394
<hr/>			
Design & Supervision (10 per cent)	915	848	439
Price increases (15 per cent)	1,372	1,272	659
<hr/>			
Total Cost Infrastructure	11,435	10,603	5,492
<hr/>			
Cost per plot (500 plots)	23	21	10
Cost Housing superstructure	40	30	20
<hr/>			
TOTAL COST PER UNIT	63	51	30
<hr/>			

Housing Options: "X" Bathroom and four rooms
 "Y" Bathroom and three rooms
 "Z" Bathroom and two rooms.

7. Inform the participants that the objective of Exercise 2 is to calculate the estimated monthly charges to each household so that they can be compared with the monthly amounts which the co-operative members are willing and able to pay as calculated in Session 9. This involves two steps, (a) calculation of loan repayments on each plot and (b) the addition of monthly recurring charges.

8. Distribute Exercise 2 and let the participants return to their former groups. Ask them to calculate the monthly repayment for each of the three packages; X, Y and Z. As the housing bank offers varying repayment periods, the participants can make the calculations for 20, 25 and 30 years following the instructions in Exercise 2. Calculations of repayments are done by using annuity tables. They can also be done using a calculator (preferably one designed specially for financial calculations) or a computer, whichever is appropriate. An annuity table is provided with the session but an ordinary calculator will be useful to make the calculation. The participants will then add recurrent monthly charges to arrive at an estimate of total monthly payments for households.

9. Reconvene the participants and ask each group to present the results of the calculations using Tables 1 and 3. The correct calculations are as follows:

	Package X	Package Y	Package Z
Monthly repayments			
20 years	632	512	301
25 years	602	487	286
30 years	586	474	279

Table 3

	Package X	Package Y	Package Z
1. Monthly repayments from table 1	632	512	301
2. Monthly charges from table 2	180	143	124
3. Monthly payments (2 + 3)	812	655	425

Table 3 summarises the information which has been calculated in tables 1 and 2. The total monthly outgoings on housing are shown for a household for each of the packages.

10. Remind the participants that two important estimates have now been made: (a) in Session 8 they have calculated the amount which the potential members of Pioneer housing co-operative can afford to pay for housing in the proposed scheme, and (b) in this session they have calculated how much the proposed project will cost both in total and for a unit in each "package", and how much the monthly payments will be for households taking the packages.
11. Distribute Exercise 3 and ask the participants to return to the same groups and to compare the affordability of the members with the monthly charges they will have to pay. Table 1 in Exercise 3 will enable them to do this.
12. Reconvene the participants and ask them to present their reports using the completed table. The correct

results of the exercise are as follows:

Calculating Affordability

	Package X	Package Y	Package Z
Estimated monthly payments	812	655	425
<hr/>			
Affordability (incomes over)	2,710	2,185	1,700
	30% income	30% income	25% income

13. Conclude by emphasising that the calculation made in Exercise 3 shows that housing is affordable to potential members with incomes of over 1,700. A check of the survey analysed in Session 8 shows which members are not able to afford the housing. If we assume that those in the income range of 1,000 to 2,000 are evenly spread, then approximately 79 households, including those with an income of under 1,000 will be unable to afford the housing. Demonstrate this calculation as follows, using the completed Exercise 2 from Session 9 as follows.

Monthly income	Households in each income category	Percentage (rounded)
1 - 1,000	16	2
1,001 - 2,000	90	9
1,001 - 2,000	150	15

Number of households between 1001 and 2000 = 90. Divide 90 by 10 to obtain an even distribution in deciles. Answer = 9. Multiply 9 by 7 to calculate number of households below 1700 if randomly distributed. Answer = 63. Add households under 1000, i.e. 16. Total number of household under 1700 are 79 (7,9 per cent).

Exercise 1

The Housing Co-operative Unit has prepared three alternative costings, packages X, Y and Z. You can see these in the table on the next page. The costs are only those which will be charged to the co-operative. Three packages have been prepared and take into account the fact that co-operative members have different income levels and may therefore require different standards of housing.

The sub-total of the infrastructure costs should be totalled and then the design and price increase percentages added. (The 10 per cent and 15 per cent estimated increases are added separately to the sub-total, they are not compounded).

The estimated total infrastructure cost is now known and it is possible to calculate the cost per serviced plot. This is done by dividing the total by 500, the number of plots which the land acquired by the co-operative will accommodate at 25 plots per hectare.

Add the cost of the superstructure recommended for each package. These are also shown in the table. The superstructures are also designed for different income levels. Type X at 20,000 is a bathroom plus two rooms, toilet and shower; type Y at 30,000 adds one more room and type X at 40,000 adds three more rooms. It is expected that the residents will add to the basic superstructures later when they have the financial means. The prices are based on estimates of large scale contractors. (Costs for superstructures can be reduced by 10 per cent if small scale contractors are used, and by 20 per cent if co-operative members use self-help construction).

When the cost of the superstructures are added you will know the estimated cost of each unit in each package.

Costing the Project

All costs in 000's

	Package X	Package Y	Package Z
<u>On-site</u>			
Roads	3,187	2,615	1,689
Drainage	1,991	1,991	537
Water	1,375	777	948
Sanitation	2,175	2,060	500
Street lights	100	720	400
<u>Off-site</u>			
Roads	320	320	320
<hr/>			
Sub-total			
<hr/>			
Design & Supervision (10 per cent)			
Price increases (15 per cent)			
<hr/>			
Total Cost Infrastructure			
<hr/>			
Cost per plot (500 plots)			
Cost Housing superstructure	40	30	20
<hr/>			
TOTAL COST PER UNIT			
<hr/>			
Housing Options:	"X" Bathroom and four rooms		
	"Y" Bathroom and three rooms		
	"Z" Bathroom and two rooms.		

Exercise 2Calculating Monthly Repayments

Pioneer housing co-operative has approached the housing bank and has been informed that co-operatives have priority but pay a market interest rate of 12 per cent p.a. Loans are normally given for 20 years but may be given for 25 or 30 years. The bank uses the annuity system for repayments where the borrower pays the same amount each month*.

- Select the annuity table for 12 per cent (attached)
- Take the total cost previously calculated for each unit (Exercise 1)
- Deduct 10 per cent of the cost as this will be paid by the housing co-operative as a deposit.
- Multiply by the "capital recovery factor" for 20, 25 and 30 years.
- Divide by 12 to obtain the monthly repayment.

Enter the results in Table 1:

Table 1

	Package X	Package Y	Package X
Monthly repayments			
20 years			
25 years			
30 years.			

Each repayment is composed of an amount of principal (the amount borrowed) and interest. At the beginning of loan repayment the interest constitutes the majority of the repayment, the proportion of principal is very low. As repayment continues the balance between the two components changes and at the end of the loan period the principal is the

greatest proportion.

Recurrent Monthly Charges

The monthly repayment on the loan is not the only cost which the members will have to pay as there are recurrent monthly charges which are shown below in Table 2.

Table 2

	Package X	Package Y	Package Z
Water	40	40	40
Electricity	40	15	--
Loan Administration	10	10	10
Management	20	20	20
Municipal taxes	50	50	50
Maintenance	5	5	2
Default allowance	5	3	2
<hr/>			
TOTAL	170	143	124
<hr/>			

Add these to the monthly repayments for packages "X", "Y" and "Z" so that the final monthly cost for a household in each package is known. To do this take the costings which you have calculated so far in Exercise 2 and insert them into Table 3 below. The table should be filled in using an interest rate of 12 per cent over 20 years.

You can now calculate the estimated monthly costs to the members of the Pioneer Housing Co-operative for each of the three packages.

Costing the Project - Total Monthly Costs

Table 3

	Package X	Package Y	Package Z
--	-----------	-----------	-----------

1. Monthly
repayments
From table 1.

2. Monthly
charges
From table 2.

3. Monthly
payments
(1+2)

Table 3 summarises the information which has been calculated in Tables 1 and 2. The total monthly outgoings on housing are shown for a household for each of the packages.

Exercise 3Calculating Affordability

To calculate the affordability of the potential members of Pioneer, i.e. their ability to pay for the house types and infrastructure which has been designed, complete this final exercise.

- Insert the estimated monthly payments from Table 3 in Exercise 2.
- Calculate the minimum monthly household income which will be sufficient to pay for each housing package by using the percentages of income which each income group is able and willing to pay, i.e. 30 per cent for those expected to take packages X and Y and 25 per cent for those expected to take package Z. Insert these figures in the table to finalise the affordability calculation.

	Package X	Package Y	Package Z
Estimated monthly payments			
Affordability (incomes over)	30% income	30% income	25% income

CAPITAL RECOVERY FACTOR

Annual payment that will repay a \$ 1 loan in X years with compound interest on the unpaid balance.

Year

1	1.220.000
2	. 591.698
3	. 419.349
4	. 329.234
5	. 277.410
6	. 243.226
7	. 219.118
8	. 201.203
9	. 187.679
10	. 176.984
11	. 168.415
12	. 161.437
13	. 155.677
14	. 150.871
15	. 146.824
16	. 143.390
17	. 140.457
18	. 137.937
19	. 135.763
20	. 133.879
21	. 134.240
22	. 130.811
23	. 129.560
24	. 128.463
25	. 127.500
26	. 126.652
27	. 125.904
28	. 125.244
29	. 124.660
30	. 124.144

This table is taken from "Compounding and Discounting tables for Project Analysis", (Second Edition 1984) by J. Price Gittinger, published by the Economic Development Institute of the World Bank.



Serving Low-Income Members

SESSION 10

SERVING LOW-INCOME MEMBERS

Objective : To enable the participants to analyse several options which will enable a housing co-operative to select an affordable package for low-income members.

Time : 2 - 2 1/2 hours.

Material : Case Study.

Session Guide :

1. Remind the participants that the calculations made in Session 10 showed that the housing designed for Pioneer is only affordable to members with incomes of over 1,700 per month. This means that approximately 79 households will be unable to afford the proposed housing.
2. Inform the participants that the committee of Pioneer housing co-operative wants to try and include as many of those members as possible and that they have convened a meeting to discuss what can be done. The case study will provide the participants with some background reading on the problems of providing affordable housing for low income groups. Hand out the case study and give participants 15 minutes to read it.
3. Ask the participants to suggest how the cost of housing might be reduced for low-income members. Write the suggestions on the flip chart when they are proposed.

The list suggested by the participants should include the following:

- Reduce building costs by using small-scale instead of large scale contractors.
 - Use self-help methods as much as possible by organising co-operative members to undertake building of houses and construction of the infrastructure.
 - Prolong the period of the loan to 25 years.
 - Take into account the possibility of households sub-letting a room.
 - "Cross-subsidise" within the co-operative so that the richer members pay more and the poorer members less.
 - Initiate income-generating activities to enable them to increase the down-payment and therefore borrow less from the housing bank. The participants may be able to suggest other means of reducing costs from their own experience.
4. Divide the participants into groups and ask them to examine the alternatives which would reduce the cost of housing for the low-income members of Pioneer. Ask them to formulate and cost a realistic and workable proposal. Inform participants that this session is somewhat different from the previous ones where there was one answer to one problem. There is no single solution to the exercises set in this session. It will take some time for each alternative to be evaluated, calculated and discussed by each group which will then come up with its own proposal.
 5. Ask each group to report and then lead the plenary in a discussion on the advantages and disadvantages of each alternative proposed.
 6. There are many variations and you will need to prepare yourself to be able to assess all the solutions put forward by the groups. As a guide, some alter-

native "solutions" are presented below which use some of the proposals put forward in the case study. Use the tables in the case studies and in Session 9 and 10 to make the calculations. All the examples use "Package "Z" only. Remember, it is assumed that members incomes are evenly distributed within an income bracket. Remind the participants that this may not be the case in "real life".

A. Increasing Period of Loan, Using Self Build

Cost per plot of infrastructure for package "Z"	10
--	----

Cost of superstructure using self-help building (20-20%=16)	16
--	----

Total cost per unit	26
---------------------	----

Calculate repayments over 25 years using capital recovery table. 26,000 less 10 per cent deposit x .127.500 divided by 12	248
--	-----

Add monthly charges (always fixed) of 124	372
--	-----

Multiply by 4 as members can afford 25% of income to obtain affordability	1,490
---	-------

Compare with table in Session 9 which shows that 54 members are now under affordability threshold.

B. Increasing the Deposit

This is the same calculation as in A except the deposit is increased to 15 per cent.

Cost per plot of infrastructure for package "Z"	10
--	----

Cost of superstructure using self-help building (20-20%=16)	16
Total cost per unit	26
Calculate repayments over 25 years using capital recovery table. 26,000 less 15 per cent deposit x .127.500 divided by 12	234
Add monthly charges (always fixed) of 124	358
Multiply by 4 as members can afford 25% of income to obtain affordability	1,490

Compare with table in Session 9 which shows that 53 members are now under affordability threshold.

C. Sub-letting

This is the same calculation as in B except for the addition of a sub-letting component.

Cost per plot of infrastructure for package "Z"	10
Cost of superstructure using self-help building (20-20%=16)	16
Total cost per unit	26
Calculate repayments over 25 years using capital recovery table. 26,000 less 15 per cent deposit x .127.500 divided by 12	234
Add monthly charges (always fixed) of 124	358
Subtract the income from letting a room (normally about 100 per month)	258

Multiply by 4 as members
can afford 25% of income to
obtain affordability 1,032

Compare with table in Session 9 which shows that
13 members are now under affordability threshold.

7. Conclude the session by pointing out that the exercises illustrate various concepts but that the opportunities for reducing costs will have to be explored practically in each situation to what is feasible.

Case Study

PIONEER HOUSING CO-OPERATIVE

- HOW TO SERVE ALL MEMBERS -

The committee of Pioneer housing co-operative had carried out a survey of the potential members and knew what their earnings were. They had also requested the Housing Co-operative Unit (HCU) to prepare a preliminary design of a housing project so that they could decide on the type of houses they would like and which they would be able to afford.

It was found that a number of potential members would not be able to afford even the cheapest option available given the proportion of their incomes which they were able to spend on housing. These families gave first priority to food, education for their children and to expenditure on health.

It was decided to call a meeting of potential members to discuss the whole matter. The chairman opened the meeting by saying that the Housing Co-operative Unit (HCU) had given them three basic house designs which would cater to different income levels. They had also suggested three different levels of infrastructure. These had been proposed as packages. He said that the committee has invited someone from the HCU who was available to advise them during the meeting. The chairman then put up a chart to show the estimated cost of each design and the estimated cost which a member occupying such a house would have to pay in monthly repayments on the loan to the housing bank and for recurrent charges. (You will recall that these are the tables worked out during Session 9). This is what the chairman showed the members:

Costing the Project

All costs in 000's

Package X Package Y Package Z

On-site

Roads	3,187	2,615	1,689
Drainage	1,991	1,991	537
Water	1,375	777	948
Sanitation	2,175	2,060	500
Street lights	100	720	400

Off-site

Roads	320	320	320
-------	-----	-----	-----

Sub-total	9,148	8,483	4,394
-----------	-------	-------	-------

Design & Supervision (10 per cent)	915	848	439
--	-----	-----	-----

Price increases (15 per cent)	1,372	1,272	659
-------------------------------------	-------	-------	-----

Total Cost Infrastructure	11,435	10,603	5,492
------------------------------	--------	--------	-------

Cost per plot (500 plots)	23	21	10
------------------------------	----	----	----

Cost Housing superstructure	40	30	20
--------------------------------	----	----	----

TOTAL COST PER UNIT	63	51	30
------------------------	----	----	----

Housing Options: "X" Bathroom and two rooms
"Y" Bathroom and one room
"Z" Wet core only.

The chairman then put up another chart which showed the estimated monthly repayments as follows:

	Package X	Package Y	Package Z
1. Monthly repayments	632	512	301
2. Monthly charges	180	143	124
3. Total monthly payments	812	655	425

He explained that the results of the survey among potential members had shown that while the majority could afford the lowest cost "Package Z", approximately 79 members, i.e. 8 per cent, could not afford the estimated monthly cost of 425. He then asked the members for suggestions as to what they could do to try and solve the problem.

An elderly member of the group stood up and said that there was clearly very little they could do as the experts from the HCU had done their best and, clearly, ordinary people who did not know much about housing could not improve on the work of the professionals.

The representative of the HCU said that there were many ways of designing and costing a housing project. He explained that the three alternatives which had been presented were not the only ones that could be developed and that they could be modified. He further pointed out that the alternatives already contained a fairly wide range of infrastructure standards. For example, package Z had reduced the cost of the roads by having a compacted earth surface rather than tarmac and the design included ventilated improved pit latrines (VIP's) instead of more expensive water borne sanitation. In this case it might be possible to remove street lights if costs had to be further reduced.

He also explained that the house types were of three different levels, each catering to different income levels.

The HCU would be pleased to work out with Pioneer different "packages" to reduce the cost to different income groups in the co-operative. He also explained that his technical team had to design in accordance with the building regulations set by the local authority.

The chairman said that they had been talking about physical alternatives to try and reduce costs, such as changing the type of road or omitting street lighting and then asked for comments from the floor. One member, who came from the higher income bracket, said that she did not want to see lower standards as this would reduce the value of the property. If only earth roads were built with wet cores (providing only a bathroom and kitchen at the outset), as suggested in package Z, then the place would become a slum. Another member disagreed, saying that slums were usually the result of absentee landlords but in the Pioneer project the co-operative members would be the owners and would have the incentive to improve their houses and the common infrastructure as time went by. He pointed out that all the "packages" had decent basic infrastructure such as roads, potable water and good sanitation.

The chairman then introduced another area where there was an opportunity for reducing monthly payments, i.e. finance. The housing finance bank had originally offered the loan to the co-operative with repayments over 20 years. It was prepared to extend this to 25 years. One member asked if this meant the co-operative would pay more. The chairman said yes, as the longer the period of a loan the more the total interest paid. However, the monthly repayments would be lower, enabling lower income members to better afford the repayments.

Another member said that she had heard about co-operatives where the better-off members paid a little more in repayments so that the lower-income members could benefit from

the housing project. The chairman asked her to explain. She said that in the example she knew about the members had built three types of houses of different standards and three different types of infrastructure, similar to the proposal which the HCU had prepared for Pioneer. Each member in Type "X" was asked to pay a little more in monthly repayments and those in Type "Y" also paid more, although not as much as those in Type "X". The small additional payments allowed all the lower income members to be housed in Type "Z". Of course, the co-operative paid the same amount to the housing bank each month, these arrangements were internal to the co-operative.

The representative from the HCU chipped in to say that this was indeed a workable arrangement as long as all members agreed. It was one of the things that gave co-operatives advantages in housing lower income people.

A member of the committee stood up and said that the discussion on finance had concentrated on reducing the monthly repayments to the housing bank through (a) extending the loan period and (b) cross-subsidies to benefit lower-income members. Could they raise more money for the down-payment so that the co-operative did not need to borrow so much? One group of members said that their personal finances were already stretched. They would be investing in the co-operative by buying share capital to pay the 10 per cent deposit and this was already a considerable investment. Another group agreed but said that they might be able to make some money through a special income generation project. For example, members had construction skills and could begin to make building materials and sell them. These skills would also be useful when construction of the project began.

As the meeting began to see possibilities for reducing costs ideas began to emerge. One member asked the representative of the HCU who would build the houses? He explained that the co-operative, together with the HCU, would engage a contractor who would construct the infrastructure and the

houses. He did agree with one individual that other methods of construction could be cheaper. For example, small scale contractors were often cheaper to build the houses, leaving larger contractors to install the infrastructure. Savings of approximately 10 per cent could be made in this way. If members wanted to build their own houses using their own labour then they could save even more, approximately 20 per cent of the cost of the house (not of the infrastructure).

Many members became very enthusiastic about these proposals but the HCU representative had a word of caution. He said that they must work out carefully how they used their time. For example, would construction workers have enough time in the evenings and on weekends to build their houses and/or to supervise small contractors?

One low-income member asked the members if, when his house was built, it was possible to let a room to a relative as this would enable the monthly payments to be met. The market rent for a room in a permanent house with services such as water and good sanitation was about 100 per month. The meeting felt that this was a good idea to bring more money to the household.

The meeting closed on a more optimistic note as the members had identified a number of ways to (a) reduce costs and to (b) reduce monthly outgoings.



Sources of Housing Finance

SESSION 11

SOURCES OF HOUSING FINANCE

Objective: To enable participants to identify sources of housing finance suitable for housing co-operatives and to understand the particular characteristics of each type.

Time: 2 - 3 hours.

Material: Case Study,
Glossary of Housing Finance Terms.

Session Guide:

1. This session examines sources of housing finance for housing co-operatives. As these vary from country to country you will have to adapt the Case Study by inserting examples of the housing finance institutions in your own country and the conditions on which they lend to housing co-operatives. You may wish to invite representatives of appropriate financial institutions to speak to the participants and to join in the general discussion.
2. Give the participants the Case Study. Explain that the various examples in the case study illustrate institutional mechanism used by housing co-operatives to mobilise finance. Allow participants 15 minutes to read the Case Study and then ask them if they have any questions for clarification.
3. Divide the participants into groups and ask them to answer the three questions in the Discussion Points at the end of the Case Study. Allow one hour for this task.

4. Reconvene the participants and ask the groups to report. Lead a discussion based on the reports. The answers to (a) and (b) are relatively simple and are to be found in the glossary but make sure that the group does fully understand these basic concepts. The answers to (c) will depend on conditions in your country. The completed table at the end of this session guide lists financial sources found in a number of countries.

5. Use the discussion to develop a table which is specific to your own situation. If the housing co-operative movement is new in your country then both the participants and the representatives of financial institutions will be able to learn about each other!

FORMAL SOURCES OF HOUSING FINANCE

Type	Advantages	Disadvantages
Housing Bank	Long term lending specifically for housing	Often exclude low-income (while taking their deposits)
Building Society Savings & Loan	Long term lending specifically for housing	Tend to exclude low-income groups
Co-operative Housing Bank/ Finance Society	Long-term specifically for co-operatives	Will still require securities and will have commercial interest rates
Special government funds e.g. payroll tax often administered through housing banks)	Long term lending specifically for housing	Misallocation of national resources. Tend to exclude low-income
Commercial Banks	Use for construction	Short/medium term
Insurance companies	Can fund long-term	Tend to exclude low-income groups

FORMAL SOURCES OF HOUSING FINANCE

Type	Advantages	Disadvantages
Provident funds	Can fund long-term	Tend to exclude low-income groups
Credit Unions	Lower interest rates lend to low-income member controlled	Short-term loans

INFORMAL SOURCES OF HOUSING FINANCE

Type	Advantages	Disadvantages
Employers	Can be long-term often favourable interest rate	Favours employees only
Money lenders	Available	Short term high interest
Savings groups	Additional low-interest finance. Good basis for starting credit co-operatives	Short-term
Family/friends	Additional finance	Short-term brings other social obligations

Case Study

The Pioneer housing co-operative has established the main sources of finance which will enable it to construct housing for the first 500 members. The housing bank will provide up to 90 per cent of the finance required and the members will raise the 10 per cent deposit. However, co-operatives raise funds in different ways and the Pioneer experience is not the only example of how housing co-operatives attract finance as the following example will show.

In Zarina there is a Co-operative Bank and the Dhaba housing co-operative leaders pay a visit to the manager to ask for finance to build their project. The manager says that his bank is primarily for agricultural marketing co-operatives but that the Board has agreed to provide loans to housing co-operative for up to two years. The co-operative leaders want funds for 20 years but the manager says that the co-operative Bank, like private commercial banks, is not allowed to lend for long periods. He does point out that the funds he is offering can be used for construction or bridging finance, i.e. funds to pay contractors while the project is being built. He explained that in most cases a long term lending institution, such as a housing bank or building society, only lends funds after the project has been constructed.

The leaders then go to the Ambrosia Building Society to seek the long term funding they need. The manager first asks whether they are depositors with the building society. He explains that the society gives preference to regular savers. The leaders are crestfallen as they have kept their share capital with the Co-operative Bank. However, one of the leaders says that he has a personal account with Ambrosia and that he knows several other members who have accounts with the building society. They have done this because Ambrosia slightly higher interest rates than the

banks. The manager says that if sufficient co-operative members have saved regularly with the society he will consider giving a loan of up to 70 per cent of the value of the completed project. The loan would be for 20 years.

The loan will be secured through a mortgage, i.e. the title deeds to the land and property will be deposited with the building society until the loan is repaid. If the society defaults on the loan the building society is entitled to take possession of the property and then sell it to recover the debt. Therefore, signing a mortgage agreement on behalf of the members will be a very serious step. The manager explains that a default is when the housing co-operative is shown to be unable to pay. (This is sometimes confused with arrears, which describes late payments but not necessarily an inability to pay).

The leaders of the Dhaba housing co-operative are pleased that they can obtain the loan because they know that they can pay the regular repayments as they have carried out an affordability analysis of the membership. They are concerned that the building society will only lend 70 per cent of the total cost. Where will they obtain the remaining 30 per cent?

They convene a meeting of the members and report on their negotiations with the co-operative Bank and with the Ambrosia Building Society. The members agree to take a construction loan from the Co-operative Bank and to take a long term mortgage loan for 20 years from Ambrosia.

To raise the remaining 30 per cent they suggest the following:

- The credit union can lend a proportion of the deposit over a period of three years to members.
- Their employer may be willing to purchase building materials in bulk and sell them to the co-operative, thus reducing costs.

- Many of the members have access to informal sources of finance, i.e. those which do not pass through a registered financial institution. Because of the extended family network, members will be able to raise funds from family.
- The co-operative can engage in income generating activities such as the production of building materials.

DISCUSSION POINTS

- A) What is the difference between long-term finance and short-term finance?
- B) What is meant by the term security?
- C) List the sources of housing finance known to you. List them under two headings - Formal Finance and Informal Finance. Refer to the attached glossary if you are not certain about the meanings of certain terms. Identify the advantages and disadvantages of each source with particular regard to their suitability both for co-operatives and for low-income groups.

GLOSSARY OF HOUSING TERMS

Affordability:

The amount which the end user is able and willing to pay for housing.

Amortisation:

Repayments on the principal of a loan. Loans consist of two components: the capital, or principal, which is the original amount lent and the interest. At the beginning of a repayment period the proportion of interest paid (usually monthly) is greater than the proportion of principal repaid. At the end of the repayment period the proportion of principal is higher.

Annuity:

The annual repayment of a loan. Normally, in a conventional loan, principal and interest payments are calculated so that monthly and annual payment remain the same. Otherwise, payments on a declining balance would cause initial repayments to be the highest.

Arrears:

Non payment of monthly or periodic loan repayments which are deemed to be recoverable.

Bonds/Debentures:

These are a range of financial instruments enabling investors in housing finance institutions to make loans for fixed periods at fixed interest rates. Sometimes there are special tax concessions on these investments.

Building societies

Mutual non profit housing finance institutions nominally owned by their depositors and savers. These are normally financed by deposits. Originated in the United Kingdom.

Credit Unions:

Co-operatives which manage their members' savings and provide short term loans to individuals.

Defaults:

Non payment of monthly or periodic loan repayments deemed to be not recoverable.

Foreclosure:

Recovery of the mortgaged property by the lender following default. This is usually accompanied by eviction of the borrower.

Housing Banks:

Housing finance institutions which are frequently in the public sector and which provide long-term loans on a mortgage basis. Capitalised by depositors and capital market.

Housing Co-operatives:

Institutions owned by their members with the objective of providing housing. Some act as financing institutions by collecting deposits and raising capital and by providing housing loans.

Housing Finance:

All stages in the development and sale of housing from land purchase to construction, installation of on-site infrastructure and mortgage credit. Some stages, such as construction, require short term loans while others, such as mortgage, are long term.

Informal Finance:

Refers to institutions which are not recognised as being established finance institutions.

Interest Rates:

The amount which is charged for the loan of a sum of money expressed in a percentage per annum.

Mortgage Loan:

A loan in which the land and buildings being purchased is the security for repayment. (A similar instrument is known as tenant purchase).

Nominal Interest Rate

The amount quoted by a housing finance institution.

Non-Conventional Finance:

Refers to financial mechanism which enables otherwise ineligible low income groups to have access to finance. Formal institutions can operate non-conventional financial schemes.

Real Interest Rate:

The nominal rate minus the rate of inflation

Savings and Loan Associations:

Mutual housing finance institutions very similar to Building Societies. Originated in the U.S.A. Variations on these types of institutions are to be found in many countries.

Secondary Mortgage Market:

A system in which blocks of mortgages are traded on the open market with the intention of attracting additional funds into the housing finance sector.

Security:

A pledge against a loan. Securities can include mortgages, fixed and movable goods and guarantees. Also known as collateral.

Spread:

The difference between the interest rate a finance institution pays its investors (depositors) and charges to its borrowers.

Subsidies:

Any mechanism which provides housing to the end user at less than market costs, e.g. through subsidised interest rates, provision of free land, reduced cost for infrastructures and structures.

Term:

The length of a loan.

Variable Interest Rates

In some systems the interest rate is fixed at the beginning of the loan, in others it can be varied by the lender in accordance with market conditions.

Variable Repayments:

A number of mechanism developed to try and reduce initial repayment amounts.



Self-Help Construction

SESSION 12

SELF-HELP CONSTRUCTION

Objective: To enable the participants to explain and provide advice on various aspects of self-help construction.

Time: 2 1/2 - 3 hours.

Material: Two exercises,
Three Case Studies,
One handout.

Session Guide:

1. Point out that self-help construction is an important aspect of self-help employed by many co-operatives. However, there are possible pitfalls in using self help construction and a number of aspects have to be seriously considered before taking the decision to go ahead.' Distribute Exercise 1 to the participants and give them half an hour to complete this.
2. Get the participants report to their conclusions back to the entire group and put the answers on a flip chart. Possible answers to Exercise 1 are included under each question in the handout along with some comments to enable you to lead a discussion.
3. Distribute the handout which contains possible answers to Exercise 1.
4. Divide the participants into groups and give them Exercise 2 which consists of a task with three case studies. Let each group work out the most appropriate form of self-help *construction* to be used by Pioneer

housing co-operative. Allow them one hour to do this.

5. Convene the participants in a plenary and ask each group to present their proposals. There is no single answer to this task but you should take into account the following considerations to enable you to facilitate a discussion on feasible approaches. There is some overlap between the various items.

Should Pioneer use self-help construction?

The decision is to use self-help construction for the following reasons:

- The cost of building with self-help can save up to 20 per cent on the costs of houses. Inform the participants that the percentage will vary from case to case.
- The members of Pioneer are in the construction industry and will have many of the required skills.
- Self-help need not be limited to house construction. Using their construction skills the members could also install infrastructure. For example, skilled members could direct the installation of ditches for drains and for water pipes and all members could help to dig them. Inform participants that skilled tasks should be left to contractors if members do not have the skills.
- Members might also manufacture building materials such as building block, bricks and roof tiles and manufacture components such as door and window frames.

Organisation of Self-Builders

- The common bond of the credit union has provided members with a basis for organising themselves as they do have some organisational skills. One approach to construction would be to have working teams selected by putting appropriate skills into

each team, using the skills which members already have.

- The work on infrastructure may need teams of a different composition to those undertaking house building.
- Leaders would be selected using two criteria, leadership skills and technical know-how.
- Members of the work teams will not be paid as this is a drain on the resources of the co-operative and invalidates the reason for using self help labour. Therefore, the co-operative will have to be very careful that everyone does a fair share of work or, if they are unable to do manual work, makes a contribution of another kind.

Use of skills

- The co-operative will identify all the skills which it has and make an inventory. These will include skills related to the construction trades (masons, plumbers, electricians etc.), clerical skills, organisational skill such as those of foremen, and professional skills such as those of quantity surveyors, architects and engineers. There will also be unskilled labour among the members and among their families who do not work for the construction company.
- If the co-operative does not have a particular skill it can either engage a contractor to provide the expertise or engage artisans directly to work with the members.
- If artisans work directly with the members the co-operative can consider having them as members, and therefore entitled to a house, if they met all other conditions of membership.
- Training for members in construction skills may be of two kinds. Most are already skilled but

some would benefit from training on-the-job by the more skilled members. However, if more training is needed members could attend part-time courses at local training institutes. Training should begin before construction commences.

Task to be performed

- In installing infrastructure the members will certainly be able to undertake non-skilled tasks under supervision such as clearing the site, digging drainage ditches, making roads and footpaths and landscaping.

- In constructing houses they will be able to dig foundations but other tasks will depend upon:

the existing skills of members (which will be high as they are professionals in the construction industry);

the training which can be given to members who do not have necessary skills;

the technology utilised. If a new technology is used which is extremely simple then members will be able to carry out a considerable amount of work.

House allocation

- The process of house allocation can become complicated if a criterion of effort made during self-help construction is used. If a project is totally built by a contractor co-operative societies use criteria such as the date of joining the co-operative, need for a house etc. Sometimes members draw lots.
- When the criterion of labour input is used co-operatives can allocate houses as they are completed but run the risk of those who obtain a house ceasing to help their fellow members to build. Therefore, co-operatives often wait for

all houses to be completed before assigning particular houses to particular families. As with many other decisions, the judgement will be based on the strength of community spirit.

- The drawback in waiting for allocation until the houses are all complete is that the co-operative could have been collecting revenue from the completed units.

Exercise 1.

The first task is to answer the following questions. Do not worry if you don't know everything, briefly write what you think.

1. Define the terms:
 - self-help housing
 - self-help construction of building.

2. What are advantages of self-help construction for a co-operative?

3. What could be the disadvantages of self-help construction?

Handout on Self-Help

- A. Define the terms: Self-help housing

Self-help construction or building.

Self-help housing involves a group, usually organised into a co-operative, undertaking most of the efforts required to provide housing for members. When the phrase "self-help" is used in connection with housing co-operatives it is often interpreted as "selfbuilding" but self-help and self-building are not the same thing. Mutual self-help is practised by all co-operatives, it is fundamental to co-operative principles and philosophy. A housing co-operative practises self-help in a number of ways by initiating and organising the provision of housing for its members. For example, planning, land acquisition, working with professionals such as architects and engineers and negotiating finance are all aspects of selfhelp.

Self-help construction is housing built all or in part by the manual labour of the members.

- B. What are the advantages of self-help construction for a co-operative?

To reduce costs by eliminating the wages paid to artisans and labourers and eliminating the profits paid to contractors. To foster community cohesion through co-operation in reaching a common goal.

- C. What could be the disadvantages of self-help construction?

- The members do not have enough time to build - they have other jobs.

- They do not have sufficient skills to do anything except labouring tasks.
- They will want to be paid as some are able to work and others are not. For example, some may have health problems and others will have to do their share. The members will build slowly - while all the time the price of building material is increasing!

Exercise 2

There are three case studies to read. They describe the experiences of three housing co-operatives in undertaking self-help construction. When the group has read all the case studies it will have the task of determining the method of construction to be used by Pioneer, given what is known about the membership from previous sessions. Discuss the reasons for the decisions and the advantages and disadvantages. Write the proposals on the flip chart for presentation. Here are some considerations to keep in mind when working out your proposals:

- The members of Pioneer housing co-operative are all employees of the construction company and all have full-time jobs during weekdays.
- The families of the employees do not necessarily have full-time jobs although some do work part-time at home. The members work in the construction industry and therefore will have many of the necessary skills for construction.

It may be helpful to group the proposals under the following headings. However, there may be other items that the group may wish to add.

1. Organisation of self-builders
 - How are work groups organised?
 - How are leaders selected?
 - How are rules drawn up?
 - What should these rules be?
 - Should members be paid?
2. Use of skills in the co-operative
 - How are skills (manual and non-manual) identified and how should they be used?

- Are skills required from outside?
- Should outsiders be members?

3. Training

- What kind of training is appropriate for construction (e.g. on-the-job or formal courses)?
- When should training begin?

4. Tasks to be performed

- Which are the tasks that might best be performed by co-operative members: site clearing, ditch digging, pipe laying, foundations, walls, roofs electrical installation, plumbing, finishes?

5. House allocation - How should houses be allocated?

- If members are building together should they occupy houses as they are completed and start paying the various monthly charges or should they wait for all the houses to be completed?

Case Study of self-help constructionCase Study 1

TEXTILE WORKERS HOUSING CO-OPERATIVE

The Textile Workers Housing Co-operative Society has a membership of workers in a large textile factory. The society was formed to provide the members with better housing as the majority lived in expensive rented accommodation. The co-operative is very idealistic and wanted to undertake self-help construction to foster community cohesion and to reduce costs. As the members were full-time employees it was agreed that everyone should work on the site for 6 hours per week. Each department in the factory was organised as a work unit and was responsible for ensuring that the members reported on time and fulfilled their obligations.

The co-operative began to manufacture building materials such as concrete blocks, doors, window frames and gutters. They found that this reduced the cost of materials by as much as 25 per cent. The members also constructed the houses, thus reduced the costs.

The co-operative identified the skills which it had among the membership and discovered it had electricians and carpenters but no skills in other key trades. It also discovered that there was a need for continuous supervision on the site. The solution was to employ several key artisans who were paid the standard rate. They had the task of carrying out skilled tasks, training members in these tasks and of supervising work. The co-operative also sent members for training to the national building training centre to learn how to manufacture concrete blocks. In this way the members learned new skills and contributed more to construction. They also had better opportunities for employment in the future.

The co-operative decided that the full-time paid employees should also become members and have an opportunity to obtain housing through the co-operative.

The co-operative has encountered two main problems in using self-help construction.

- Not all of the members wished to work or were able to work regularly. Those who did work asked to be paid for their labour. The co-operative agreed to pay "incentive bonuses" but this did of course raise the costs.
- Those who did the most manual labour asked that they be given priority in being allocated houses. The co-operative decided that each work group would decide the order of priority for allocation. As soon as a house was completed it was occupied as it was important for the co-operative to collect tents as soon as possible so that it could repay the money borrowed to construct the project.

Case Study 2

MIDDLE INCOME HOUSING CO-OPERATIVE

The middle Income Housing Co-operative Society has a membership of middle and senior level civil servants from a number of government ministries in the capital city. It has considerable support from a special housing co-operative department of the Ministry of Housing. Every housing co-operative must follow the same procedures if they are to obtain finance from the government housing bank. They are all responsible for their own construction but the Department provides type plans, approves designs, gives priority to co-operatives in allocation of building materials and supervises construction.

The members of the co-operative have decided to undertake construction by employing small contractors. Because of their responsibilities the members cannot undertake construction themselves. Many of them could earn more in other ways, making self-help manual construction not economic. Self-help has a high opportunity cost compared to other activities for members of this particular society.

The members have many high-level skills, there are engineers, architects, accountants and other professionals. Two members are assigned to the site at all times; this is made possible by taking annual leave. Other members are responsible for the purchase of materials - a particularly important task in a situation where there is a shortage despite the priority given to co-operatives. Another group is responsible for the transport of materials. The co-operative has formed three committees to deal with these activities; construction, purchase of materials and transport. The problems experienced by the co-operative are mainly connected with the shortage of materials as this caused delays and cost increases.

Case Study 3

SQUATTERS CO-OPERATIVE HOUSING SOCIETY

The Squatters Housing Co-operative Society was formed because the government said that it wished to assist the residents in one low-income area of the city. The squatters in this area therefore formed a co-operative and were given tenure to the land. It was decided to demolish the existing houses and to build new ones.

The co-operative members decided to undertake the construction work themselves and organised themselves into building brigades. The brigades were of two types.

- Members organised on the basis of streets, each street forming one brigade. These brigades worked at weekends only and were not paid.
- Unemployed construction workers who were members formed brigades. They worked during the week and during the weekends they also supervised the "street brigades" who were mainly composed of unskilled workers. These brigades were paid a wage by the government. The government also provided foremen to supervise construction.

Two methods of construction were used. Initially all the houses were built in a conventional way using concrete blocks. Later, wooden prefabricated houses were introduced.

The self-help building process faced considerable problems from the outset. There were conflicts between the construction workers and the government foremen as they gave conflicting instructions to the "street" brigades. The brigades set their own rules and those of the construction workers, based on their experiences in the formal construction industry, reflected an image they had of themselves as bad timekeepers, heavy drinkers and generally unreliable. This

conflicted with the general atmosphere of collective spirit based in the community and the goals of the project.

It was found that work was going extremely slowly and one reason was that only men did construction. Women, who made up half of the membership of the "street" brigades, were only allowed to carry materials, leaving most of them idle. Also, the traditional organisation of the brigades made it difficult for women to participate when they had responsibilities at home.

This all changed when prefabricated units were built instead of conventional houses. No one knew how to use new technology and all learned together. This allowed for more equality of relationships within the brigades. Some brigades changed their leadership, electing a person with community organisation rather than construction skills. Several of these new leaders were women. The rules of the brigades were also changed so that women could play a larger role, recognising their domestic responsibilities.

The co-operative decided that houses were to be allocated by the brigade which built them. They also decided that none would be allocated until all were built. Thus, no one would show less commitment to building as might have been the case had they known that "their" house was completed.



Action Commitment

SESSION 13

ACTION COMMITMENT

Objective: To enable participant to apply what they have learned in this course to their work in the field.

Time: Depending on the number of participants, a minimum of 20 minutes.

Material: Action commitment forms (two copies should be distributed to each participant at least two or three days before this session).

Session Guide:

1. Participants should be informed at the beginning of the course that they will be required at the end to present a plan of action on how they propose to implement in their work something which they have learned on the course.

the should be continually reminded of this during the course, and encouraged to relate what they are learning to their own experience. Stress throughout that training of this sort is an investment; the "return" only comes when participants successfully apply what they have learned when advising housing co-operatives in the field.

2. Each participant should be given two copies of the action commitment form two to three days before this session, in order to allow them time to think about what they propose to do, and to write it down in duplicate. Participants who work in conjunction with others on the course should also discuss their plans with them, to ensure that they are co-ordinated with

one another and that they do not duplicate or conflict.

Action commitments can often provide an opportunity for improved collaboration between different departments of institutions whose staff are represented on the course.

When distributing the action commitment form, stress that participants must present a plan which they actually have a good chance of implementing themselves, and which does not depend on impossibly ambitious proposals to change the view of their superiors, or the total administrative system in which they work. Some participants may feel that it is impossible to implement any change, since they are so constrained by others. Stress that change in any organisation does not only come from the top, and that a training course of this type is a total waste of time and resources if it does not lead to some changes.

Stress also that the action commitment need not and indeed should not be over ambitious. If participants commit themselves to implementing even one modest change, which is wholly within their own capacity, this will be some improvement and should also lead to application of other lessons which they have learned on the course.

3. Participants should complete the forms, briefly, in duplicate, in order to keep one for themselves and to hand the other to the instructor. Stress that you will follow up the commitments, personally or through correspondence, in order to ensure that participants have in fact attempted to implement their plans. Stress that the objectives of this follow-up are as following:

- To remind, assist and encourage participants to

make a serious attempt to implement what they plan.

- To evaluate the training programme itself, and not the participants, since it is the fault of the instructors and/or the course material if participants are unable to make use of it in the field.

4. When handing out the action commitment form, go through the headings, stress that two or three lines are all that is required under each, and explain in particular the last two items:

- Participants must recognise that they will have to think at least as much about how they are to introduce change as about what change they are to introduce. Superior officials, colleagues in the same position or subordinates all have to be persuaded and agree to the change, as do members of existing or proposed housing co-operatives. It may be possible for participants, particularly those of a more senior level, to "order" people to do things, but they will not do them effectively if they do not believe in them. Sending a memorandum or making a written report is unlikely to persuade people to change.
- The final item on the form requires participants to commit themselves to a specific, measurable target by six months at most after the end of the course. This ensures that the action commitments are specific, rather than vague commitments to general improvement. A commitment to "improve the quality of the advice I give to prospective housing co-operatives" may be sincere, but nobody, including the participant who commits himself to it, can possibly state specifically that it has been achieved. "To assist the XYZ group to carry out a project cost analysis and to test their com-

mitment by asking them to carry it out within a given period" is more modest, but it is measurable.

5. The instructor's copies of the action commitment forms should be collected from participants shortly before this session, in order to allow them time to incorporate whatever they may have learned from all the previous sessions. If possible, a brief summary for all the action commitments should be prepared and distributed to every participant, at the beginning of this session, in order to improve the quality of the analysis and advice which they offer to their fellow participants.

It may also be possible to combine this session with the official closing ceremony, if such a ceremony is to be held. The presence of a senior invited guest will underline the seriousness of participants' action commitment presentations, and will also be a means of informing the guests about the concerns participants may have and ways in which he can improve the situation from his level.

6. Allow each participant up to ten minutes to make a brief presentation of his or her action commitment. If time and facilities allow, they should have been given the opportunity to prepare flip charts, overhead projector transparencies or other means of explaining what they propose to the rest of their colleagues.

Stress that this presentation can be a "rehearsal" for any presentation that participants will wish to make to their colleagues on their return home; participants should aim to be brief, clear and persuasive.

After the ten minute presentation, allow a further ten minutes, or more time if this is available, for other participants to ask questions, make suggestions

and generally attempt to assist and improve their colleague's chances of success.

Attempt to elicit possibilities of inter-departmental conflict or co-operation, and ensure that participants use this session as an opportunity for assisting one another rather than pointing out the reasons why their action commitment may not succeed.

Summarise the essential details of each action commitment on the chalkboard. At the end of the session, conclude the programme by going through the list, showing what a significant improvement will be achieved in the promotion of workers' co-operatives if all the plans are implemented. Stress that the training programme only really begins when the formal classroom sessions have finished; the seeds have been planted, but the programme will only have been a success if they come up and the fruits, in terms of successful worker's co-operatives, are duly harvested.

NOTE :

Participants should not be given suggestions for their action commitments, since the exercise of applying what they learn in the programme to their jobs is an essential part of the learning experience. The following examples of appropriate action commitments should only be used, with caution, if absolutely necessary; they are included more as guidance for the instructor than as suggestions for participants:

- "To work with Group X so that they appreciate their need to determine the incomes of their potential members, both formal and informal, and to train them in using the tools required to undertake this task. To use this task both as a means of obtaining the necessary information and as a way of testing their commitment and identifying leadership."

- "To assist the members of Group ABC to carry out an affordability analysis of their proposed project and then to agree with them a date by which this will have been completed, by the members themselves."
- "To assist the members of group D to negotiate for a loan from the housing bank."
- "To develop and then translate into local vernacular a set of model by-laws for a housing cooperative."

The "persuasion strategies" should be similarly brief, and may involve "lobbying" colleagues, bringing pressure to bear through news media or political channels, and other non-formal but perfectly legitimate ways of introducing change.

The "specific measurable achievement" must be able to pass the following tests: will the participant him or herself, and an outside observer, be able to say definitely whether or not it has been attained? It may only be an indicator of improvement, but should be quantified, or capable of a clear answer, "yes" or "no".

Annex

Suggested Reading List

READING LIST

CO-OPERATIVE HOUSING

INTRODUCTION

This training manual is self-contained in that it provides all the material required to enable each exercise to be completed. However, further reading will benefit trainers, leaders and members of housing co-operatives. This brief annotated reading list is intended to provide a selection of material which will be useful to trainers. A more extensive bibliography is to be found in "Housing Co-operatives: A Bibliography" which is published by the United Nations Centre for Human Settlements (Habitat).

1. Co-operative Housing

International Co-operative Alliance, Geneva (2nd Rev. Ed. 1987).

This handbook briefly covers many aspects of co-operative housing development including definitions of co-operatives, support organisations, forming a co-operative, legal matters, structure and organisation, finance, planning and building (including self-build), management and administration, co-operative housing for special groups and staff training. It has examples of two successful projects in Bolivia and Honduras.

2. Housing Co-operatives: experiences of mutual selfhelp

Alder, Graham (editor)
UNCHS, Nairobi, 1989.

This publication presents four case studies from Ethiopia, Nicaragua, Philippines and Zimbabwe which illustrate different aspects of the co-operative mode of housing. Different types of mutual selfhelp organisations are examined, some which are formally registered co-operatives and others which are less formally structured but with similar objectives.

3. Housing Co-operatives in Developing Countries: a manual for self-help in low-cost housing schemes

Lewin, A.C.

John Wiley & Sons in association with Intermediate Technology Publications, London, 1981.

This manual is concerned with the development of urban housing co-operatives in Africa and can be used as a basis for adapting and developing manuals for specific situations. Part 1 is general and describes the context influencing the development of housing co-operatives and the characteristics, principles and types of housing co-operatives and the conditions necessary for their promotion. Part 2 covers the organisation of self-help housing co-operatives, planning of a housing co-

operative, funding aspects, the formation process and interim administration, training and education, self-help construction, management and administration, the legal frame work and housing for the lowest income groups.

4. **Integrated Co-operatives for Satisfying the Needs of Shelter in Slum and Squatter Areas.**

DESWOS and Carl Duisberg Gesellschaft, Cologne, 1981.

This publication is the report of a workshop on human settlement co-operatives held in Marburg in December 1980. Areas covered include requirements for the operation of co-operatives with an integrated approach, problems and criteria in the selection of demonstration projects, participation and training, popular participation and power and identification of teaching aids for training programmes and to encourage popular participation.

5. **Community Based Finance Institutions: the role of co-operatives and credit unions in mobilising finance for the improvement of low-income settlements**

United Nations Centre for Human Settlements (Habitat), Nairobi 1985.

6. **Overview of the Co-operative Development System: concepts and methods**

Co-operative Housing Foundation, (series No. 7) Washington D.C., 1985.

7. **Pre-Member Education Course for Housing Co-operatives**

German Assistance Association for Social Housing - (DESWOS), Cologne. English Edition 1979, French and Spanish editions in 1980.

8. **Promoting Organised Self-Help through Co-operative Modes of Participation**

United Nations Centre for Human Settlements (Habitat), Nairobi, 1984.