

**STRATEGIES FOR SUSTAINABLE HOUSING CO-OPERATIVES IN
SOUTH AFRICA**

BY

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DECLARATION

I, Jimoh Richard Ajayi with student number 210002980 hereby declare that this thesis for the award of the degree of Philosophiae Doctor in Construction Management is the result of my effort and it has not been presented in any University or institution for any degree. All references were duly acknowledged

Jimoh Richard Ajayi

DEDICATION

To

Amani Ometere Jimoh & Fatima Jimoh – you are my *joie de vivre*

And

My late parents, Mallam Jimoh Dagana and Mrs. Agnes Aishatu Jimoh – for the love you
showed me.

***“Co-operative housing is a force for good, a people-first housing option founded
on community values of social justice and mutual self-help”***

(Getting governance right by the Co-operative Federation of Canada, 2011: 31)

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ABSTRACT

An increasing number of people are in need of housing that would improve long-term tenure for them. Private ownership is a well-known incentive for peoples' participation in housing programmes. The current difficulties in obtaining credit for housing, following the global economic crisis, show that private individual home-ownership is not effective enough in addressing the housing needs of the low and middle income groups. As a result of this, the need to find an option that will solve the housing needs of the people became intense. However, the implementation of the co-operative housing delivery option in South Africa has not been successfully implemented as a result of the actions or the inactions of the role players. The study sought answer to the causes of the inability to successfully implement the co-operative housing approach through the use of 'triad model' that has to do with the ideology of co-operatives, the praxis and the organisational structures of the various housing co-operatives.

The study was domiciled in a pragmatic paradigm, using the mixed methods research approach by conducting a three-stage research whereby convergent parallel design was adopted as the methodology. Questionnaires were administered to the chairpersons of the housing co-operatives identified in this stage one of the study. Stage two consisted of conducting interviews with chairpersons of six housing co-operatives using the purposive non-probability sampling method. The final stage was the survey among the members of the housing co-operatives interviewed.

It was discovered, inter alia, that the membership of housing co-operatives was not voluntary; policy and legislative documents on social housing were biased against the co-operative housing approach; limited understanding of the co-operative approach exists among officials of

government responsible for the implementations and a lack of training to members of the housing co-operatives by agencies of government responsible for propagating the approach was evident. Based on the findings, framework for sustainable housing co-operatives in South Africa was proposed from the strategies identified. The strategies identified were classified into the following factors: Policy and legislation; support services; education, training and information; and governance.

KEYWORDS: Co-operative housing; Housing co-operatives; Sustainable strategies; South Africa; Social housing; Housing delivery.

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LIST OF ABBREVIATIONS

BESG	BUILT ENVIRONMENT SUPPORT GROUP
CCH	CONFEDERATION OF CO-OPERATIVE HOUSING
CCMH	COMMISSION ON CO-OPERATIVE AND MUTUAL HOUSING
CECODHAS	EUROPEAN LIAISON COMMITTEE FOR SOCIAL HOUSING
CHF	CO-OPERATIVE HOUSING FEDERATION
CIPRO	COMPANIES AND INTELLECTUAL PROPERTY REGISTRATION OFFICE
CMHC	CANADA MORTGAGE HOUSING CORPORATION
CMHN	CHICAGO MUTUAL HOUSING NETWORK
CNHED	COALITION FOR NON-PROFIT HOUSING AND ECONOMIC DEVELOPMENT
DAG	DEVELOPMENT ACTION GROUP
DHS	DEPARTMENT OF HUMAN SETTLEMENTS
GSS	GLOBAL SHELTER STRATEGIES
ICA	INTERNATIONAL CO-OPERATIVES ALLIANCE
ILO	INTERNATIONAL LABOUR ORGANISATION
NASHO	NATIONAL ASSOCIATION OF SOCIAL HOUSING ORGANISATIONS
NCF	NORTHCOUNTRY CO-OPERATIVES FOUNDATION
NDoH	NATIONAL DEPARTMENT OF HOUSING
NHFC	NATIONAL HOUSING FINANCE CORPORATION
NURCHA	NATIONAL URBAN RECONSTRUCTION AND HOUSING AGENCY
RDP	RECONSTRUCTION DEVELOPMENT PROGRAMME
SAHCA	SOUTH AFRICAN HOUSING CO-OPERATIVES ASSOCIATION

SEDA	SMALL ENTERPRISES DEVELOPMENT AGENCY
SHF	SOCIAL HOUSING FUND
SHI	SOCIAL HOUSING INSTITUTION
SHRA	SOCIAL HOUSING REGULATORY AUTHORITY
UN	UNITED NATIONS
UNCHS	UNITED NATIONS CENTRE FOR HUMAN SETTLEMENTS
UNPFA	UNITED NATIONS POPULATION FUND
VNC	VOORHEES NETWORK CENTRE

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This thesis addresses the problem of co-operative housing as a mechanism for delivering housing for poor households. This has not been successfully implemented in South Africa. The study develops strategies for sustainable housing co-operatives.

In this chapter, the background to the problem statement is explained to put the study in context. This is followed by the problem statement and the sub-problems. Hypotheses are formulated and listed, closely followed by delimitations. Assumptions are described and terms defined. The importance of the research and the aim and objectives of the research are highlighted. The outline of the thesis concludes Chapter One.

1.1 The Problem and its Setting

This section covers the background to the problem statement, housing in South Africa, the main problem, the sub problems and the hypotheses.

1.1.1 Background to the problem statement

This part covers the international housing situation and housing in South Africa.

1.1.1.1 The International Housing Situation

Houses for human beings address their need to be protected from adverse climatic weather conditions. The search for an appropriate shelter form went on for hundreds of years in every part of the world where people wandered and settled as evidenced from the ways houses have evolved over the years. United Nations Population Fund (UNFPA, 2007: 1&9) predicted that in 2008, the world was expected to reach an invisible but momentous milestone; for the first time in

history, more than half its human population of 3.3 billion people would be living in urban areas. By 2030, according to UNFPA (2007) this figure is expected to increase to almost 5 billion. Many of the new urbanites will be poor. Their future, the future of cities in developing countries, the future of humanity itself, all depend very much on decisions made at present in preparation for this growth. Between 2000 and 2030, UNFPA (2007) estimates that Asia's urban population will increase from 1.36 billion to 2.64 billion, Africa's from 294 million to 742 million, and that of Latin America and the Caribbean from 394 million to 609 million. One of the issues to be addressed is how the population will be housed.

In the view of Atilola (2000: 10), the form of houses is one of the most important indices of human development. From caves, huts and simple dwelling places to high-rise buildings, human beings have strived to make their habitat as comfortable as possible in order to enhance their social well being, and also to ensure their psychological and sociological wellness. Therefore, it is imperative for nations that intend to assure wholesome development and maximum productivity of the populace to pay optimum attention to the housing needs of their citizens. Social-Housing Professionals (2001: v) emphasise that housing is a prerequisite for exercising other rights such as health, insurance, education, employment, citizenship, culture and leisure. In addition, decent housing helps to reduce violence, insecurity, drug use, vandalism and crime. Indeed, failure to provide housing ends up costing more than investing in proper dwellings for those in need.

Around the world, most nations cannot claim to have solved the housing problem of their people as shown by various authors reporting on housing situations. The following examples illustrate the housing shortages that prevail:

- In Ethiopia, the Ministry of Works and Housing (2008: 20) states that various studies conducted in the last five years concluded that a housing shortage of between 900,000 - 1,000,000 exists in urban centres. Only 30% of the existing urban housing stock is in good or fair condition.
- For the Metropolitan Region of Sao Paulo (MRSP), the urban housing deficit is approximately 611,936 units (UN-Habitat, 2010: 126).
- The housing shortage in Nigeria is estimated to affect between 14 and 16 million people (UN-Habitat, 2008a: 8). Mabogunje (cited by Kabir and Bustani, 2009: 2) indicates that R600billion (₦12trillion i.e. Nigerian Naira) will be required to finance the housing deficit.
- For Pakistan, in 2008, the yearly estimated housing demand was 570,000 units. Actual supply was 300,000 units, leaving a shortfall of 270,000 units every year. The consequence of this situation is that almost half of the total urban population now lives in squatter or informal settlements (ICA, 2009_a: 2).
- In the year 2007, the housing deficit in India was estimated to be 24.7 million houses in urban areas and 15.95 million houses in rural areas, totalling 40.65 million units (ICA, 2009_b: 2).
- In the United Kingdom (UK), the housing market has been put under pressure in the wake of the global financial crisis. New housing statistics have fallen to the lowest ever,

with just 86,000 new home registrations in comparison to a government target of 246,000 (ICA, s.a. [a]: 2).

- Bellal (2009: 101-102) emphasises that the burden of the cumulated housing shortage in Algeria is still high. It is expected to reach nearly 2 million houses by 2025, but the shortage was estimated at 763,176 in 2009 in a country with a population of 34.9 million.
- In Mexico, *Centro de Investigacion Documentacion de la Casa* (CIDOC) and *Sociedad Hipotecaria Federal* (SHF) (2006: 36-37) establish that 1.8 million new houses and 2.7 million housing improvements are needed in a country with a population of 103.3 million people.
- In Kenya, Government of Kenya GoK (cited by Alder and Munene, 2001: 26) reveals that the country has a deficit of 127,700 houses in urban and 303,600 in rural areas.
- In Uganda, Byaruhanga (2001: 606) puts the deficit at 270,000 houses with a population of 21.6 million people.

The above situation is a cause for concern. This is reflected by Tibaijuka (2005: s.n.), who states that the need for housing production in developing country cities is estimated at around 35 million per year. Breaking this figure down, Tibaijuka added that some 20 million units are required to meet demographic growth and new household formation, while the remaining 15 million units are to meet the requirements of the homeless and people living in inadequate housing. Summing this up, some 95,000 new urban housing units are needed to be constructed each day to ensure acceptable housing conditions. Oruwari (2006: 33) emphasises that globally the housing conditions of the poor are deteriorating, with the developing world accounting for the worst rate of deterioration. Approximately 998 million people were living in slums in 2007;

the projection for 2010 was 1.12 billion people (UN-Habitat, 2007: x & 190). These figures indicate that the housing challenge is large and requires much research.

1.1.1.2 Housing in South Africa

South Africa has been very active in addressing significant issues in housing, including a severe shortage of housing stock and the low quality of living conditions. A national housing programme was introduced in 1994, which extended subsidies to low income households. This capital subsidy was sufficient for a secure plot, the installation of water and sanitation services and the construction of a basic house. This initiative resulted in the building of 1.5 million new housing units between 1994 and mid-2003, with a further 300,000 under construction at that point. More than 2.2 million houses were delivered up to 2009; this figure has since risen to 2.8 million units in 2010. Despite the success of this ambitious programme, the country continues to face a substantial housing deficit, with the backlog in provision estimated at 2.3 million South African households in mid-2003 while in early 2010, the backlog was 2.1 million (Cities Alliance, 2003 cited by UN-DESA & UN-Habitat, 2004: 7; UN-Habitat, 2008b: 3; NDoH, 2009: 17; Zuma, 2010: s.n.; Sexwale, 2010: s.n.).

Rust (2001: 65) states that the approach taken by the Government of South Africa in its housing policy arises from two perspectives. On the one hand, government seeks to address the housing crisis directly through the scale delivery of subsidised housing for low income households. On the other hand, government seeks to create an environment conducive for the operations of the subsidised housing market within the larger non-subsidised market in order to foster growth in the economy.

Rust (2001: 65) however, contends that since the policy was released in 1994, various emphases have shifted such as improving the potential for the introduction of a co-operative approach to low income housing. In 1999, the Government's focus shifted to alternative tenure arrangements, the needs of the poor and quality construction as against the earlier policy on housing hinged on quantity. A specific focus on the co-operative model in this regard was the acknowledgement by the then Minister of Housing that:

"To date we have lacked a social housing vehicle that allows for beneficiary membership and shareholding in South Africa. For this reason I cannot help but recognise that the Co-operative Housing Model critically requires our attention" (1999 SHF/COPE housing Association report of proceedings cited by Rust, 2001: 65).

The growth of the housing co-operatives in South Africa has not been encouraging. As at 2010, according to Matsela (2010: 17) there were 58 housing co-operatives recognised by the South African Housing Co-operatives Association (SAHCA) and these were scattered across five provinces (Gauteng-23; North west-11; Western Cape-3; Kwazulu-Natal-10 and Eastern Cape-11), in a country with a population of 44.8 million (UN-Habitat, 2008: 5). The reason for the low number of housing co-operatives in South Africa may be because the environment is not suited to the co-operative housing approach (Rust, 2001: 149).

1.1.2 Problem Statement

Rust (2001: 143-163) concludes that the environment in which housing co-operatives operate in South Africa varies between being enabling or restrictive. While studies have shown that South Africa has the necessary legislative and policy frameworks in housing and other sectors that could have contributed to the development of co-operative housing approach, little is done to promote it. The extent to which the approach is pursued within these frameworks is limited.

Rust (2001: 70) advances four reasons for the low level of patronage of the co-operative housing approach among the people on one hand, and the South African Government on the other:

- Lack of familiarity with the co-operative model;
- Focus of housing on goals rather than the co-operative approach;
- Policy development that is biased towards rental housing; and
- Slow implementation of the institutional subsidy mechanism.

In a related development, Rust (2001: 157) observes that the limited recognition accorded co-operative housing subsector may be connected with the report submitted by the Social Housing Task Team in 1999 to the then Minister of Housing. Though the report acknowledged the addition of co-operatives within the social housing sector but no recommendation was made in support of co-operative housing subsector. Also, the impact of the recommendations made on the potential growth of co-operative housing subsector according to Rust (2001: 157) was not considered.

1.1.2.1 Main Problem

Co-operative housing as a mechanism for delivering housing for poor households has not been successfully implemented in South Africa.

1.1.2.2 Sub problems

1.1.2.2.1 The current legislative and policy frameworks within the Government spheres (National, Provincial and Municipal) are not beneficial to housing co-operatives.

- 1.1.2.2.2 The networking among housing co-operatives and between housing co-operatives and the apex body, the South African Housing Co-operatives Association (SAHCA), is inadequate.
- 1.1.2.2.3 Difficulties and long lead time is experienced by housing co-operatives in the acquisition of land.
- 1.1.2.2.4 A lack of awareness exists among government officials responsible for housing implementation and the public regarding the application of the co-operative housing approach.
- 1.1.2.2.5 A lack of administrative and management capability in the processes and operations of housing co-operatives.
- 1.1.2.2.6 Housing co-operatives have poor access to finances and experience difficulties in the mobilisation of funds.
- 1.1.2.2.7 A limited number of appropriate co-operative housing models are being implemented.

1.1.2.3 Hypotheses

- 1.1.2.3.1 The current legislative and policy frameworks of the various Government spheres (National, Provincial and Municipal) do not support housing co-operatives adequately.
- 1.1.2.3.2 There is a lack of networking within the housing co-operatives and between the housing co-operatives and the apex body (SAHCA).
- 1.1.2.3.3 Bureaucratic bottlenecks result in long lead time relating to the acquisition of land by housing co-operatives.

- 1.1.2.3.4 A lack of understanding exists as a result of inadequate information among government officials responsible for housing delivery and the public in the application of co-operative housing as a delivery approach.
- 1.1.2.3.5 Inadequate training of co-operative members in leadership positions leads to a lack of administrative and management capabilities in the processes and operations of housing co-operatives.
- 1.1.2.3.6 Unfavourable socio-economic conditions such as poverty level, unemployment rate, global economic recession and apathy by financial institutions result in difficulties relative to access and mobilization of funds.
- 1.1.2.3.7 Inadequate knowledge and implementation of co-operative housing models among implementing agencies due to preference for other tenure options.

1.2 Delimitations of the Study

The study was limited to:

- Both development and continuous primary housing co-operatives were considered.
- Housing co-operatives established between 1999 and 2010 formed the sampling frame.
- Registered housing co-operatives (with Companies and Intellectual Property Registration Office [CIPRO] but not necessarily SAHCA) were considered.
- Housing co-operatives having members in the monthly income bracket of 0-R7000 were studied.
- Five (5) housing co-operatives in Johannesburg were studied for the multi-case study. This was because of the large concentration of housing co-operatives in Johannesburg. The sixth housing co-operative studied was from the North West Province.

- Questionnaires were administered to the sixty-six (66) housing co-operatives registered by CIPRO (CIPRO, 2011: s.n.).

1.3 Assumptions

- Responses received from the Boards of Directors represented the position of the members of the housing co-operatives.
- Access to the required information was not a problem.
- It was assumed, that the external environment in which the housing co-operatives interviewed operated was the same, due to the fact that the housing co-operatives were found in South Africa and were within the same subsector (co-operative housing).
- It was assumed that the chairpersons of the housing co-operatives were better positioned to respond to stage one of the questionnaire survey being the custodians of their respective housing co-operatives at the time when the questionnaires were administered. To this end, 66 questionnaires were administered.

1.4 Definition of Terms

The following were used as the working definitions throughout the study.

Housing:

Van Wyk (2009: 18) defines housing as:

“...an instrument for political stability, economic prosperity, social welfare and household well-being and an economic, physical product- which requires various parallel and consecutive processes, services, suitable resources and relevant systems in order to create and maintain quality, sustainable living environments for human beings”.

Co-operative:

An autonomous association of persons united voluntarily to meet their common economic and social needs and aspirations through a jointly owned and democratically controlled enterprise, organised and operated on co-operative principles (SA Co-operative Act 14, 2005: 10).

Co-operative housing:

This is an alternative housing approach that utilizes the principles and processes of co-operatives. It refers to the system that uses co-operative practices and methods in giving housing services to its members. It answers any or all of the following aspects; (1) security of land ownership or making sure that the person's rights to live on a piece of land is not disturbed or threatened by eviction; (2) presence of infrastructure such as roads, transportation, water system and open spaces; (3) construction and maintenance of houses and common areas and (4) management of the housing facilities which have been put up (National Confederation of Co-operatives, 2004: 9 & 11; Rooftop Canada Resource Centre, s.a.: 3).

Housing co-operative:

The International Co-operatives Alliance (ICA) (cited by CHF International, 2002: 22), defines a housing co-operative as:

"... a legal association formed for the purpose of providing housing to its members on a continuing basis. It is owned and controlled by its members. It is distinguished from other housing associations by its ownership structure and its commitment to co-operative principles".

A housing co-operative is the organisation which responds to the needs of its members adopting the methods and practices of the co-operative housing system (Rooftop Canada Resource Centre, s.a.: 3).

Primary co-operative:

A co-operative formed by a minimum of five natural persons whose object is to provide employment or services to its members and to facilitate community development (SA Co-operative Act 14, 2005: 10).

Secondary co-operative:

A co-operative formed by two or more primary co-operatives to provide sectoral services to its members, and may include juristic persons (SA Co-operative Act 14, 2005: 12).

Services co-operative:

A co-operative that engages in housing, healthcare, child care, transportation, communication and other services (SA Co-operative Act 14, 2005: 12).

Tertiary co-operative:

A co-operative whose members are secondary co-operatives and whose object is to advocate and engage organs of the state, the private sector and stakeholders on behalf of its members, and which may also be referred to as a co-operative apex (SA Co-operative Act 14, 2005: 12).

Mutual housing organisation:

A mutual housing organisation is one which enables residents, through having the right to become members, to control or participate in governance and to exercise control over their housing environment, neighbourhood and community (CCMH, 2009: 10).

Section 21 company:

A Section 21 company is a non-profit organisation registered in terms of Section 21 of the South African Companies Act of 1973, meaning that the company shall use its funds and assets solely to further its stated aims and objectives and no funds or assets shall be distributed to any other person or body (CIPRO, s.a.: s.n.).

Best practice:

A technique, approach or methodology that, through experience and research, has been proven to reliably lead to a desired or optimum result (Tonkin 2008: 48).

Social Housing:

Housing for households whose needs are not met by the open market and where there are rules for allocating housing to benefiting households (CECODHAS, 2006 cited by Czischke & Pittini, 2007: 98).

Strategy:

Is the process put in place through ideas and actions in order to make the future safe for organisations (Macmillan and Tampoe, 2000: 14).

Principles of co-operatives

The co-operative principles are guidelines by which co-operatives put their values (self-help; self responsibility; democracy; equality; equity and solidarity) into practice. These are:

- Democratically controlled by members;
- Open and voluntary membership;
- Member economic participation;
- Autonomy and independence;
- Education and training of members and employees;
- Co-operation among co-operatives; and
- Concern for community and future generations (CHF International-South Africa, 2002: 10).

1.5 Aim and Objectives

The research is aimed at studying housing co-operatives with a view to determining the success of co-operative housing as a housing delivery mechanism in South Africa and benchmarking this with international best practice to ensure the sustainability of housing co-operatives. The objectives are:

- To analyse to what extent does housing co-operatives practice the principles of co-operatives;
- To identify the strategies that ensure sustainable housing co-operatives; and
- To develop a framework based on the strategies identified for effective implementation of the co-operative housing delivery approach in South Africa.

1.6 Importance of the Research

According to Onukwugha (cited by Onukwugha, 2000: 6) the real problem of housing delivery does not lie in the allocation subsystem or co-ordination subsystem, as innovations related to these, that could be explored to achieve the desired goal, abound. The problem does not lie in the delivery technology but in the delivery process. Several studies (Munkner, 2001: 3; Sukumar, 2001: 147; Mitlin, 2001: 509; Sivam and Karuppanan, 2002: 69; UN-Habitat, 2006: 16; Mabogunje, 2008: 14; DTI, 2009: 25) have underscored the important role played by housing co-operatives, their potential in the process of housing development and implementation for the low-income group. Housing co-operatives as formal organisations are a recent phenomenon and their development has been very slow in most developing countries. According to Davis (2006: 1), co-operative housing approach is a middle way between two extremes, at one end of the extremes, there is individual ownership and at the other end, there is rental housing. The

flexibility of the co-operative housing approach could result into the adoption of either of the two extremes; people coming together to solve their housing need using the co-operative principles and then individual member retains the ownership rights to a unit or after construction, the units are collectively managed by members (owners as tenants).

Housing is one of the areas in which co-operatives can play a leading role as a result of their long experience in promoting sustainable development and reduction of poverty by providing sustainable livelihoods, promoting partnerships and building capacity. However, to achieve this, according to Munkner (2001: 3), co-operatives need an enabling environment, appropriate legislation and government policies, which acknowledge the unique roles co-operatives (either member-owned, or member-controlled or self-help) play in the housing delivery process. Specifically, co-operatives follow set principles and methods that require autonomy and independence from governmental controls in order to be successful (Munkner, 2001: 3). Onukwugha (2000: 7) indicates that the need for housing co-operatives originates from the fact that most housing problems in the developing countries can only be solved within the framework of viable, integrated and self-administered communities. To buttress this assertion, Blair (cited by the Confederation of Co-operative Housing [CCH], 1999: s.n.) states that:

“Too much has been imposed from above, when experience shows that success depends on communities themselves having the power and taking the responsibility to make things better”.

The importance of encouraging the institutionalization of housing co-operatives as the most practical way of providing housing for the low income group cannot be overemphasized. The challenge relative to the desired outcome is often with respect to mobilizing and organising the population concerned and availability of expert guidance relative to durability, quality, safety

and security of the built houses (Mabogunje, 2008: 14). Bliss (cited by Murray, 2010: 2.n.) alluded to this by stating:

"If we want a strong co-op and mutual housing sector, the political and social will needs to be there. Now may be the right time, as the other housing alternatives are cracking at the seams. The existing framework in both housing associations and local authorities is not stimulating the kind of communities and self-reliance and independence that it ought to be".

The above citation is an indication of the failure of the other delivery approaches (UN-Habitat, 2006b :279) and the need to encourage the development and growth of co-operative housing approach through the conscious efforts of the government in formulating beneficial policies to co-operative housing. Anonymous (2005: 2-3) highlights the need to explore co-operative housing models in South Africa as alternative to other housing delivery approaches in the following statement:

"There are also significant complaints from housing beneficiaries around the quality, size and location of the units that have been constructed and the fact that neither the beneficiaries nor the market recognize these houses as social or financial assets. It is clear from what has just been said that we need ways of addressing all of these issues and the co-operative housing models are certainly appealing options, which can and do help to address these problems".

Based on the above, research in co-operative housing could not have come at a better time than now, when there have been cases of people selling off their Reconstruction Development Programme (RDP) houses and the need exists to reconstruct or rectify 40, 000 out of the 2.3 million houses built (Hamlyn, 2010: s.n.). The need to explore the housing co-operatives in South Africa to know how they have been faring, the successes and failures recorded over the years becomes imperative with a view to advancing strategies that will ensure virile and sustainable housing co-operatives. The following citations further reinforce this view:

"This is a significant time to be considering research into this area and demonstrating the benefits of co-operative and mutual housing. Not only could the research support address barriers to delivery of co-operative and mutual housing, but the strengths of community

empowerment that it brings could influence tenant control and empowerment more widely.”(Sarah Davis, Chartered Institute of Housing [CIH] cited by CCMH, 2009: 9).

“TAROE consider it to be an appropriate and timely stage for the researching of co-operative and mutual housing. The social housing subsector is undergoing the most significant restructuring for a generation, and there are opportunities at present for shaping the regulated housing sector to ensure the pre-eminence of ‘tenant primacy’. Whilst co-operative and mutual housing represents only a very small proportion of the sector as a whole, it is however much more significant in what the tenure represents.” (Darren Hartley, Tenants and Residents Organisations of England [TAROE] cited by CCMH, 2009: 9).

The above citations are in the UK context but have relevance to the South African situation in that in the 1990s, the development of new housing co-operatives was virtually stagnated in the UK. This was due to limited support received from the government. This has however changed due to renewed interest shown by the government and the co-operative housing movement (ICA, s.a. [a]: 2). This period of renewed interest can be likened to the time housing co-operatives started to emerge in South Africa in the late 1990s notwithstanding that the percentage (less than 2%) of housing stock provided through co-operative housing in UK was small (Baker, 2002: 55). To that extent, there is a nexus between housing co-operatives in both countries.

Above all, the United Nations (UN, 2009: 15) reports that there was lack of research on co-operatives which made it impossible to know how they have impacted the society, this lack of research according to UN (2009: 15) resulted in governments not being able to assess the adequacy or otherwise of the legislation and policies formulated on co-operatives. To this end, research in co-operative housing is imperative in South Africa because such a study has not been done before.

1.7 Outline of the Study

The study is reported in 7 chapters of a thesis, consisting of the following:

Chapter 1: This includes the background of the study, the problem statement, the sub-problems, the hypotheses, the delimitations, the assumptions made, the aim and objectives of the study, importance of the research and definitions of terms.

Chapter 2: Relevant literature is reviewed in the areas of the housing situation in South Africa and what constitutes housing adequacy and the roles of governments in housing. Some of the policies and legislation on housing in South Africa are explained. Finally, housing challenges and sustainable strategies in South Africa are pointed out.

Chapter 3: Relevant literature is reviewed in the areas of co-operative housing to include the history of co-operatives, evolution of housing co-operatives in developed and developing countries, the growth of housing co-operatives in South Africa and international best practice. Also processes involved in formulating strategies using Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis are explained.

Chapter 4: This includes the philosophical underpinnings in research, the various paradigms, the methodologies and the methods available, which has to do with the type of data collected, the sample size, development of the structured interview and questionnaires (for the chairperson and members). Piloting the study and finally, carrying out the interviews and administering the questionnaires to the sample size are discussed.

Chapter 5: This covers the report on the findings, analysis and interpretation of the data from the interview sessions and the survey using tables, percentages, mean scores, Cronbach's alpha reliability coefficient tests, Analysis of Variance (ANOVA) and Tukey post hoc tests. Each category of data generated is discussed in this chapter in relation to the problem, sub problems,

hypotheses and the objectives of the study. The formulated hypotheses are tested. The matrix of the study is tabulated in order to show the relationship between the questions asked and the sub-problems on one hand and the objectives on the other hand.

Chapter 6: This chapter covers the proposed framework developed and the discussions of the components of the framework

Chapter 7: Conclusions and recommendations, contribution to knowledge and areas for further research are the focus of this chapter.

1.8 Conclusion

Based on the issues raised, Chapter one has been able to show that a problem exists and that it needs to be addressed. Literature has shown that research on co-operatives is generally limited, while in the South African situation, co-operative housing as a delivery option has not been research at doctoral level. Hence the need for research in this area cannot be overemphasized to find answers to a range of questions, as will be done in subsequent chapters. To this end, the next chapter set the tone for the literature review that examines the housing policies and legislation in South Africa as they affect co-operative housing.

CHAPTER TWO

HOUSING LEGISLATION AND POLICIES IN SOUTH AFRICA

2.0 Introduction

This chapter covers the housing situation in South Africa, highlighting what constitutes housing adequacy and the roles expected of governments around the World. Furthermore, some of the legislation and policies on housing such as the 1994 Housing White Paper, the Housing Act (Act 107 of 1997), the 2004 Comprehensive Plan for Housing Delivery, the Social Housing Act 16 of 2008 and the 2009 Social Housing Policy are enunciated. Housing challenges in South Africa and sustainable strategies to combat the challenges are discussed.

2.1 Housing Situation in South Africa

UN-Habitat (2008c: 3) states that only a few areas affect human beings as much as housing does and that the importance of housing cannot be overemphasized. More than one billion of the world's total urban population, according to UN-Habitat (2007a: 20), live in inadequate housing, mostly in slums and squatter settlements of the developing world. According to Pugh (cited by Van Wyk, 2009: 38), most of the developing countries have to contend with housing backlogs and housing demand brought about due to population growth. Similarly, housing provision challenges in Africa and other developing countries, according to Ibem (2011: 133), are on the increase due to the fact that the rate of production has not kept pace with urban population growth. Close to 3 billion people, or about 40% of the world's population by 2030, will need improved housing and basic infrastructure services. This translates into a need for a production rate of completing 96,150 housing units per day or 4000 per hour (UN-Habitat cited by UN-

Habitat, 2007a: 20). This challenge is daunting and all stakeholders must come together in order to find ways by which the challenge could be ameliorated.

The global housing crisis, especially in the developing world, is deteriorating by the day resulting in a situation whereby the efforts towards achieving adequate housing is becoming a mirage in spite of the ambitious United Nations Millennium Development Goal 7 Target 11 (Tibaijuka, 2008: i). However, despite vast improvements in housing conditions, the situation leaves a lot to be desired in most parts of the world. Housing in developing countries as stated by Orbit (cited by UN-Habitat, 2006b: 170), is seen as the world's most unsolvable problem that is reflected in slums where the majority of the urban poor live. UN-DESA (2009: 47) indicates that though positive achievements have been recorded in eradicating slums around the world, the housing crisis in developing countries might slow the progress and the positive trend could be reversed. Housing problems are far from being solved. These problems, according to Bourne (cited by UN-Habitat, 2008c: 3), vary from country to country and also over time, and the problems depend largely on a country's social, economic and political conditions prevailing at a given time, as well as people's attitudes towards living standards and their expectations for housing improvements. Apart from these, UN-Habitat (2008c) states that policy objectives cannot be overlooked as most of the time government policies do not always match these objectives. Housing problems arise from mis-matches between policy instruments and objectives, as well as from conflicts between various housing and non-housing objectives and also arising from conflicts between limited and competing resources and objectives.

UN-Habitat (2006b: 181) establishes that many countries have well-formulated housing policies and strategies. However, UN-Habitat (2006b: 181) stated that implementing these policies have been lacking in some of these countries as a result of the following reasons:

- Weak institutional arrangements;
- Ineffective mechanisms to engage the poor themselves, and provide an appropriate enabling framework to harness their potential contribution;
- Inadequate legal frameworks;
- Lack of strategic focus, such as on the needs and potential contributions of women;
- Limited financial resources; and
- The absence of political will.

In South Africa, as stated by du Plessis *et al* (cited by Ross, Bowen & Lincoln, 2010: 433) housing is one of the areas, like in other developing countries, wherein the task of providing it to the teeming population, is daunting. The extent of the housing problem and the lack of delivery in South Africa are shown by the demand for affordable housing and by the number of people living in slums and informal housing conditions (UN-Habitat, 2008b: 3). South Africa has been very active in addressing significant issues in housing, including a severe shortage of housing stock and the low quality of living conditions. A national housing programme was introduced in 1994, which extended various types of subsidies to the low income households. The capital subsidy was sufficient for a secure plot, the installation of water and sanitation services and the construction of a basic house. This initiative resulted in the building of 1.5 million new housing units between 1994 and mid-2003, with a further 300,000 under construction at that point. More than 2.2 million houses were delivered up to 2009; this figure has since risen to 2.8 million units

in 2010. Despite the success of this ambitious programme, the country continues to face a substantial housing deficit, with the backlog in terms of need estimated at 2.3 million South African households in mid-2003 while in early 2010, the backlog was 2.1 million (Cities Alliance, 2003 cited by UN-DESA & UN-Habitat, 2004: 7; UN-Habitat, 2008b: 3; NDoH, 2009: 17; Zuma, 2010: s.n.; Sexwale, 2010: s.n.; Ross, Bowen & Lincoln, 2010: 434).

Sexwale (2010a: 12) contends that the National Government is only able to clear the backlog at a rate of 10% per annum. Sexwale (2010a: 12) further states that the resources at the disposal of government, and mindful of the continued high population growth rate and the rapid pace of urbanisation, it could take decades just to break this backlog. United Nations (2004: 4), Napier (2006: 7) and Rust (2006: 4) show that in spite of the success recorded in the first 10 years in the provision of housing to the poor, there are a number of reasons impeding the provision of housing that have contributed to the decline in the number of units built annually since 2000. These reasons for this decline as stated by UN (2004: 4); Napier (2006: 7-8); NDoH (2009a: 18) are highlighted below:

- The inability of the Social Housing Programme to deliver at scale;
- Non creation of satisfactory integrated housing environments;
- The withdrawal of the large construction groups from the low income market;
- High land costs in advantageous locations;
- Differences in the interpretation and application of the housing policy;
- High building costs in areas where land is more affordable but geological and topographical conditions are not ideal;
- Limited participation from the financial sector in the financing of low-income housing;

- Significant under-spending on budget for low-income housing by responsible housing departments brought about as a result of capacity shortages, especially at the municipal level.

Rust (2001: 65) states that the approach taken by the Government of South Africa in its housing policy arises from two perspectives. On the one hand, government seeks to address the housing crisis directly through the scale delivery of subsidised housing for low income households. On the other hand, government seeks to create an environment conducive for the operations of the subsidised housing market within the larger non-subsidised market in order to foster growth in the economy. Rust (2001: 65) however, contends that since the policy was released in 1994, various emphases have shifted such as improving the potential for the introduction of a co-operative approach to low income housing. In 1999, the Government's focus shifted to alternative tenure arrangements, the needs of the poor and quality construction as against the earlier policy on housing that hinged on quantity. In spite of the Government shift in focus towards alternative housing delivery options such as co-operative housing, limited results have been achieved over the years and this has led to the stunted growth experienced in the co-operative housing subsector compared with other delivery options.

2.2 Housing Adequacy and the Role of Government in Housing Provision

Adequate housing is described by United Nations Centre for Human Settlements (UNCHS) (cited by UN-Habitat, 2000: 185) in the following way:

“Adequate shelter means more than a roof over one’s head. It also means adequate privacy; adequate space; physical accessibility; adequate security; security of tenure; structural stability and durability; adequate lighting, heating and ventilation; adequate basic infrastructure, such as water supply, sanitation and health related factors; and adequate and accessible location with regard to work and basic facilities: all of which should be available

at an affordable cost. Adequacy should be determined together with the people concerned, bearing in mind the prospect for gradual development. Adequacy often varies from country to country, since it depends on specific cultural, social, environmental and economic factors. Gender specific and age factors, such as the exposure of children and women to toxic substances, should be considered in this context”.

If adequacy is measured also from the perspective of the people concerned, then the extent of the participation of the housing co-operatives' members in the formulation of policies and legislation on housing is limited, as shown in subsequent sections. It is accepted that every citizen needs an adequate place to live peacefully with other citizens and to that extent, it is imperative on all governments to provide means by which the citizenry could actualise the dream of being adequately housed. The means includes issues of public expenditure and housing subsidies, monitoring rent levels and other housing costs, the provision of well defined social housing, basic services and related infrastructure, taxation and subsequent redistributive measures (UN-Habitat, 2000: 10-11). According to the Built Environment Support Group (BESG, 2000: 6), the right to adequate housing is not only dependent on available resources but on appropriate legislation and the way the housing development is carried out. BESG (2000: 6) is of the opinion that the reason why the right to adequate housing has not been addressed is predicated on the lack of awareness of all the role players of what constitutes adequate housing and how to realise this.

In line with housing adequacy, the United Nations Committee on Economic, Social and Cultural Rights (cited in UN-Habitat, 2000: 185-187) and BESG (2000: 16) came up with the following principles upon which housing adequacy should be based, these are highlighted below:

- All persons should possess a modicum of security of tenure that ensures legal protection against forced eviction, harassment and other related threats;

- Adequate housing should be sustainable and contributes towards larger developmental objectives;
- Availability of certain facilities essential for health, security, comfort and nutrition;
- Governments should take steps to ensure that the percentage of housing related costs is commensurate with income levels, in other words, it should be affordable. For houses to be affordable the populace has to be empowered economically and to that extent, employment opportunities have to be in place;
- Adequate housing must be habitable and the physical safety of occupants must be guaranteed;
- Adequate housing must be accessible to those entitled to it;
- Adequate housing must be in a location that allows access to employment options, health care services, schools and other social facilities that make life meaningful to the people;
- Adequate housing should be culturally adequate in order to protect the cultural identity of the people.

To ensure that the populace are adequately housed, especially the large percentage of the poor that cannot meet their housing needs in the open market, governments all over the world have roles to play in order to realise this goal. These roles according to UN-Habitat (2008: 33), Ndubueze (2009: 77-90) and Saskatchewan Ministry of Social Services (2011: 21-22) are:

- In order to improve efficiency, government can intervene in the allocative function of the market;
- Government may step in to bring distribution outcomes with equity principles since private market systems will always produce an unequal distribution of housing resources;

- Government can bring about stability in the market through various means and policies in order to mitigate the consequences of excessive land and house price speculation and exploitation of the people in search of housing;
- Provision of public enlightenment about housing;
- Regulation, direct provision and subsidies are also roles that government could provide in the housing sector;
- Allow for flexibility while recognising differences among various groups and promote the leveraging of resources;
- Development of programmes that complement the overall goal of housing such as making the formation of housing co-operatives attractive by providing incentives;
- Government also intervenes in the housing sector to stem the tide of urban decay;
- The impact of housing on wider aspects of family life and community necessitates government intervention in the housing sector; and
- Government intervenes in the housing sector to stimulate economic growth as opportunities are created for the generation of income and accumulation of wealth.

2.3 Housing Legislation and Policies in South Africa

The major problem facing the South African government according to Hassen (2003: 115) is the inability to increase the delivery of houses to the citizens amid fiscal constraint. To this end, a series of legislation and policies in housing have been put in place since the advent of democratic dispensation in 1994. Prior to 1994, there were existing Acts such as The Housing Act 35 of 1920 which was to control the Housing Department of the Local Authorities; Urban Areas Act of 1923 that emphasised the establishment of three forms of accommodation; and the Group Areas

Act of 1950 that provided for the enforcement of the policy of division in residential areas, among other Acts (UN-Habitat, 2008b: 7-9). Section 26 of the Constitution of the Republic of South Africa (cited by Tomlinson, 2011: 420) establishes that citizens' right to have access to adequate housing is incontrovertible and in order to achieve this, government has to put in place legislative and other efforts within the government's resources constraints, to ensure the attainment of the right. Based on this, this section set out to examine the fulcrum on which the 1994 White Paper on Housing, the Housing Act (Act 107 of 1997), Breaking New Ground: 2004 Comprehensive Plan for Housing Delivery, Social Housing Policy of 2005, Social Housing Act 16 of 2008 and Social Housing Policy of 2009 is predicated.

2.3.1 The 1994 White Paper on Housing

The thrust of the 1994 White Paper on housing, as stated by Napier (2006: 4) and NDoH (2007: 9-11), was predicated on the following strategies:

- Stabilising the housing environment;
- Rationalising institutional capacities by defining the roles and relationships in the public sector;
- Housing subsidy programme establishment;
- Mobilising housing credit on a sustainable basis;
- Supporting Peoples' Housing Process (PHP);
- Ensuring the speedy release and servicing of land; and
- Co-ordinating government investment in development by maximising the effect of State investment and careful planning, in order for development in one investment to supplement the other.

Based on the above strategies, it would have been expected that equal priorities and a level playing ground will be accorded to all the delivery options in order to have a rapid and efficient housing sector. The situation is however different due in part to the lack of awareness in terms of principles and processes involved in co-operative housing among both the public and government officials, thereby creating a huge gap in the rate at which the various delivery options have been providing houses.

2.3.2 *The Housing Act (Act 107 of 1997)*

The Housing Act (Act 107 of 1997) can be grouped into four areas according to Van Wyk (2009: 70) as indicated below:

- The rights of citizens to adequate housing;
- The interests of those citizens that find it difficult to provide their own housing needs;
- Promotion of integrated housing development which is economically, fiscally and financially affordable and sustainable; and
- Putting the housing market on a sound footing to be able to perform effectively and efficiently.

Van Wyk (2009: 70) further states that the Housing Act, apart from the above, also specifies the functions to be performed by all the spheres of government. One of such functions is that:

“It is imperative for the National, Provincial and Local spheres of government to encourage and support individuals and communities, including, but not limited to co-operatives, associations and other bodies which are community-based, in their efforts to fulfil their own housing needs by assisting them in accessing land, services and technical in a way that leads to the transfer of skills to and empowerment of the community (The Housing Act 107 of 1997: 6)”.

In spite of the above cardinal function expected of all the spheres of government, the extent to which co-operative housing option is pursued by the government is limited (Rust, 2001: 143-163 & Development Action Group [DAG], 2008:71). Ambitious legislation and policies exist on housing in general, but the implementation leaves much to be desired. This also impedes on the growth and development of the co-operative housing subsector, in addition to the lack of support for co-operative housing in policies and legislation.

2.3.3 Breaking New Ground (BNG): Comprehensive Plan for Housing Delivery, 2004

The Comprehensive Plan for Housing delivery as indicated by SHF (2010: 7) was put in place in order to scale up housing in terms of the quality and location through a variety of housing programmes and projects. This approach according to SHF (2010: 7) was to change from the earlier supply-centred approach to demand-centred approach necessitated by the needs of the beneficiaries. NDoH (2008: 31) states that BNG is predicated on nine elements as highlighted below:

- Provision of support to the whole residential property market;
- Shifting from just housing to sustainable human settlements;
- Building on existing housing instruments;
- Adjusting institutional arrangements within government;
- Building institutions and capacity;
- Defining financial arrangements such as widening funding flows;
- Creating jobs and housing by building capacity;
- Building information, communication and awareness by mobilising communities; and

- Establishing systems for monitoring and evaluation in order to enhance overall performance.

If the approach of the government has shifted to demand driven, brought about by the needs of the beneficiaries, the question still remains why policies and legislation, such as the 2005 and 2009 Social Housing Policies and the Social Housing Act 16 of 2008 are antithetical to the co-operative housing subsector? The extent to which these policies and legislation impact on the subsector is not encouraging, as shown in subsections 2.3.4 and 2.3.5 below.

2.3.4 The Social Housing Act, No. 16, 2008

The Social Housing Act according to SHF (2010: 21) is the main piece of legislation for the social housing sector which is established in alignment with both the 1999 Rental Housing Act and 1997 Housing Act. The Social Housing Act is expected to achieve the following objectives as stated by NDoH (2008a: 10) and SHF (2010: 21):

- Establishing and promoting social housing environment that is sustainable;
- Establishing the roles of the various spheres of government in social housing;
- Providing for the establishment of the Social Housing Regulatory Authority (SHRA) and defining its role as the regulator of all Social Housing Institutions that have obtained or in the process of having obtaining public funds; and
- Providing statutory recognition to Social Housing Institutions (SHIs).

Apart from the definition of social housing that includes housing co-operatives in the Act, provisions are not made specifically for housing co-operatives. The implication of this is that the Act spells out everything that needs to be done as far as social housing is concerned in South Africa; hence, housing co-operatives are excluded. To buttress this assertion, during a

presentation on 7 September 2011 by the SHRA on the draft Regulations to the Social Housing Act 16 of 2008, it was observed by the Portfolio Committee on Human Settlements that:

“...government as a whole promoted co-operatives, however the Social Housing Act did not really accommodate the structure, its method of operation or provide tenure options of co-operatives. The main objective of Social Housing was to provide affordable rental accommodation to low to middle income households. The emphasis was on rental accommodation. Co-operatives catered for the same target market, but the end result of the co-operative process was that the co-operative member owned his unit. This difference caused tension in how the co-operative model tried to fit into the existing provisions of social housing. In terms of the legislation and regulations, it was a mistake to put co-operatives in the Act” (South African Portfolio Committee on Human Settlements, 2011: s.n.).

One may allude to the fact that it was not a mistake but a problem of how to forge an alliance between the rental and co-operative housing approaches as a result of what the government intends to achieve. The government believes that other avenues abound where individual ownership could be achieved, such as the Peoples’ Housing Process. If this is true, the government officials responsible for the implementation of housing programmes and the public need to be made aware of the potential of co-operative housing through advocacy by agencies such as South African Housing Co-operatives Association (SAHCA).

2.3.5 2009 Social Housing Policy

Social housing and its associated projects have been in South Africa since 1997 with the introduction of the institutional subsidy mechanism. The delivery models of social housing have been diverse and vary from pure rental, to co-operative housing, instalment sale options, and hybrids of these delivery models (NDoH, 2009: 6). Often, social housing is equated with rental housing in South African policy discussions (NDoH, 2005: 9; Charlton & Kihato, 2006: 266;

Trusler & Cloete, 2009: 1097 and SHF, 2010: 19). The social housing programme of government is expected to fulfil two main objectives as indicated by NDoH (2009: 11):

- To contribute to the national priority of restructuring South African society in order to address structural, economic, social and spatial dysfunctions existing; and
- To improve and contribute to the overall functioning of the housing sector most especially the rental subsector.

The second objective is a further testimony of what constitute social housing in the South African context; this may be connected with the stunted growth experienced by co-operative housing option. Efforts of policy makers are not encouraging in creating sustainable co-operative housing as a result of their actions or inactions. This statement is borne out of the statement that appeared on page 9 of the 2005 Social Housing Policy and page 18 of the 2009 Social Housing Policy as shown below:

“Primary and secondary housing co-operatives registered under the Co-operatives Act of 1981, and accessing funding through this programme will be considered together with the social housing institutions and will have to be accredited as social housing institutions. Separate guidelines, however, will be drafted to accommodate the specific nature, operations and regulatory requirements of the housing co-operatives”.

Four years after the first social housing policy was published, separate guidelines for housing co-operatives have not yet been drafted. Hence, it will become difficult for the housing co-operatives to access the social housing grant. Apart from this, the Co-operative Act of 1981 does not distinguish housing co-operatives from agricultural based co-operatives, which were predominant at that time; it was the Co-operatives Act 14 of 2005 that recognises other specialised co-operatives such as housing co-operatives. This further shows that minimal understanding exists for the agency responsible for the formulation of housing policies and legislation vis-à-vis co-operatives policies and legislation. This limited understanding may be

connected with the low level of growth and development experienced so far in the co-operative housing subsector. Baumann (2003: 104) concludes that South Africa's housing policy and delivery systems are usually formulated and implemented by people who have no direct bearing on the results expected and that only few developmental policies are based on the inputs of those that are expected to benefit from such policies. This may have been the case with the exclusion of co-operative housing in the Social Housing Policy.

In furtherance of the delivery of housing through social housing, it is hinged on the following principles (NDoH, 2009: 23-26):

- Promotion of the creation of well-managed rental housing option;
- Promotion of the creation of quality living environments for low income people;
- Create the enabling environment for the economic development of low income communities in all aspects;
- Encourage the involvement of the private sector where feasible. This is laudable but housing co-operatives competing with private sector in getting social housing grant from the SHRA is near impossible to say the least. The housing co-operatives are up against a formidable force that could further emasculate the co-operative housing subsector. This is borne out of the fact that the private sector is better positioned in terms of preparing and submitting accreditation documents that will give it an advantage over the housing co-operatives;
- Promotion of the involvement of residents in the projects through information sharing, training and skills transfer; and
- Propel by all spheres of government.

In conclusion, good policies and legislation do not necessarily translate into action if the political will by the government officials that are to implement the policies and legislation is lacking. This is better encapsulated by the following statement of DAG (2009: 71):

“The case of the Rainbow Housing Co-operative is a clear example of how impressive policies and commitments on paper do not necessarily translate into action without the political will of government officials. For years and years, the Co-operative tried to get their voices heard. They set up savings schemes, called meetings, raised funds, lobbied the government but their situation remains the same despite all these efforts”.

Royston and Ambert (cited by UN-Habitat, 2006b: 279) and Crofton (2006: 18) opine that the absence of a supportive legal framework has been one of the constraining factors in the development of a virile and sustainable co-operative housing subsector in South Africa. In a related development, Rust (2010) observes that the history of co-operative housing in South Africa has not been a good one (Personal communication with Kecia Rust on 25 May 2010). Similarly, Crofton (2010) indicates that Social Housing Foundation (SHF) facilitated and supported housing co-operatives at the initial stage but the role of SHF towards the housing co-operatives presently is non-existent (Personal communication with Odette Crofton formerly with SHF now with the Housing Development Agency on 17 May 2010). It should be stated that based on the 2008 Social Housing Act, all the responsibilities of SHF have been taken over by the SHRA.

In all the policies and legislation on housing, there is no one that is explicitly for the co-operative housing like in the rental housing option. Co-operative housing is an appendage in both the Social Housing Act, 16 of 2008 and the Housing Code 2009 containing the Social Housing Policy. In essence, housing co-operatives have not been adequately catered for in legislative and policy documents. This is a cause for concern, though members of the housing co-operatives are

expected to play a significant role in developing a virile and sustainable subsector, the efforts of the government in formulating policies and legislation beneficial to housing co-operatives is imperative.

2.4 Housing Challenges in South Africa

In spite of the efforts of the South African Government in the provision of adequate housing since 1994, the housing sector is still beset with challenges as highlighted by Hassen (2003: 151-152), Rust (2003: 21), Pottie (2004: 616), Li (2006: 70-71), Goebel (2007: 293-296), Burgoyne (2008: 40-44) and Van Wyk (2009: 40, 95-96) below:

- Lack of capacity to deliver as a result of government's inability to develop workable policies due to inadequate funding, poor data collection systems and monitoring;
- The difficulties of national policy and provincial allocations to respond to the changing nature of demand occasioned by increased urbanisation and demographic pressure;
- High expectations of the communities;
- Lack of communication with communities by the government;
- Contractors' inability to deliver adequately;
- Decreases in the overall national housing expenditure;
- Little attention given by the government to non-subsidised efforts;
- Lack of capacity particularly in the municipalities occasioned by a crisis of human capital development;
- Lack of availability of well located land;

- Government restructuring of urban policy rather than decentralisation which would have increased economic efficiency and political accountability and by extension, a reduction in poverty;
- The extent and high rate of urbanisation resulted in the proliferation of informal settlements and unplanned peri-urban growth;
- Pre-democratic legacies and inequalities persist resulting in the continuous unequal quality of services, housing and the urban environment;
- Neo-liberal macro-economic policies such as the introduction of the growth, employment and redistribution (GEAR) programme that has further created marginalisation and poverty with attendant high unemployment rate;
- Absence of sustainability linkages that should have aided the economic multiplier of housing; and
- Decline in the value of the subsidy in addition to the increase in the input costs of contractors.

These challenges call for proactive measures on the part of government in order to stem the tide. Focusing on a delivery approach such as co-operative housing that has not been fully operationalized is imperative.

2.5 Sustainable Housing Strategies

Clos (2011: iii) states that governments the world over have to be more proactive in ensuring that everyone has access to affordable housing. There is a need for governments to plan and manage housing policy in a way that makes cities inclusive. According to UN-Habitat (2011: 6), an in-

depth understanding of how the housing sector is structured and how it functions is necessary in order to enable access to adequate and affordable housing for all.

UN-Habitat (2011: 13-15) indicates that for any government to put in place housing strategies that will perform well there are areas that need to be considered, as highlighted below:

- The need for sustained high level political will;
- The need for all the stakeholders to have access to relevant information through appropriate channels;
- The need for institutional reforms in decentralisation, participation and partnerships; and
- The need to reform legal and regulatory frameworks in order to provide affordable and secure access to land and affordable housing.

The following housing strategies as put forward by UN-Habitat (2006b: 216-231, 241-246) will contribute towards ensuring that housing challenges experienced by the people are reduced giving the right circumstances:

- Public awareness of housing issues through dissemination of research findings;
- Availability of information on capacities of government agencies, the private sector and NGOs;
- Training in alternative housing provision options;
- Training programmes for government agencies and the private sector;
- Involvement of women and their organisations;
- The cost of housing finance should be reduced to the lowest possible level that is consistent with sound financial and economic principles;
- Easing regulations on collateral;

- Flexible repayment schedules should be encouraged in the financial circle;
- Earmarking of funds for low income groups housing development and improvement through State agencies;
- Land use planning should be based on participatory decision making;
- Provision of urban land for housing, especially for low income groups at subsidised rates;
- Formulation and enforcement of urban planning standards.

In conclusion, UN-Habitat (2011: 47) states that complying with the housing strategies may not guarantee outright success but non-compliance may lead to failure. Creating awareness for the government officials responsible for the formulation and implementation of housing programmes and the public is important in order to fast track the growth of co-operative housing subsector.

2.6 Conclusion

The housing situation has been discussed and some of the legislation and policies on housing also highlighted. None of the legislation and policies on housing in South Africa is exclusively for the co-operative housing option, like the rental option; rather the co-operative housing approach is an appendage in all the policies and legislation on housing. Legislation and policies may be the best in the world in terms of the content but if there is no political will to make it work, it becomes an effort in futility. The need to carry the beneficiaries along is imperative, as the input of such people will make the policy or legislation more robust, because the people know where the problem lies. In essence, the absence of appropriate policies and legislation beneficial to the co-operative housing subsector has been an impediment in the number of houses provided by the housing co-operatives. This, in part is caused by the non-integration of relevant co-operative policies and legislation into the relevant housing policies and legislation. Based on

this, the next chapter addresses the development of co-operatives and their relationship with housing.

CHAPTER THREE

DEVELOPMENT OF CO-OPERATIVES AND STRATEGIES

3.0 Introduction

This chapter gives an overview of co-operative societies in a global perspective and highlights the developmental stages of co-operatives up to the present time. This is closely followed by an exposition of co-operatives in the 21st century and the International Labour Organisation (ILO) recommendations 193 of 2002. This is followed by a description of the development of co-operatives in Africa, what the African co-operative is predicated on and the extent of co-operative sector in Africa are stated; in a related development, the development of co-operatives in South Africa, the challenges faced and the way forward are also described.

The last part of the review focuses on housing co-operatives in South Africa and the models of co-operative housing in South Africa. Finally, the processes involved in formulating strategies using SWOT analysis are described.

3.1 The Co-operative Societies Overview

Co-operation is a social process of working and thinking together to achieve mutually advantageous goals. Birchall and Ketilson (2009: 11) state that co-operatives are member-owned organisations, they combine the buying power of people who on their own could achieve little or nothing, and in so doing they provide ways out of poverty. In other words, the whole is greater than the individual parts (synergy). Parnell (2001: 2) observes that the idea of people coming together in groups to solve a common problem as against individuals is as old as civilisation, due to the inherent benefits involved. Co-operation is therefore an avenue where resources are

combined in an orderly manner for the common good of the people involved. Co-operatives, according to Anan (2002: 107), support togetherness by way of social cohesion and stability which create a sense of responsibility to the co-operative as an entity and also to the members. Tchami (2007: 1) states that communities apply co-operative principles and processes when externalities threaten their survival, making them to come together to address the threat. The threat may be in the form of lack of housing and high cost of goods and services.

Ofeil (cited by Wanyama, Develtere and Pollet, 2009: 1) states that co-operatives the world over have been identified to play important roles which usually result in the improvement of living conditions of their members and to a large extent the society. The ideology of co-operatives are predicated on voluntary, democratic and self-control principles, therefore, they offer the institutional framework through which local communities gain control over the productive activities from which their sustenance are derived. In essence, participating members buy into the group effort, which enhances their chances of improving their living conditions, thereby alleviating poverty. Through co-operatives, people have been able to acquire what ordinarily would have been difficult to acquire, such as housing which is a tangible product (Hood, 2002: 101).

In the nineteenth century, as stated by United Nations (cited by Wylie, 2001: 19 & 21), the development of welfare systems in Europe brought about changes in the way co-operatives carried out their responsibilities towards their members. Some had to partner with government institutions for survival while others became moribund and had to be replaced by the agencies of government. However, this trend was truncated in the 1980s when the government agencies

could not cope with the social services being provided to the people, creating yet again opportunities for the co-operatives to entrench their ideologies on the consciousness of the people in more diverse ways.

Craig (cited by Wylie, 2001: 20) outlines co-operative development in the following five stages:

- 1817-1840: The development of the co-operative vision and attempts to establish co-operative communities;
- 1844-World War I: The founding of the Rochdale Society of Equitable Pioneers in 1844. The consumer co-operatives were preferred above the other types of co-operatives;
- World War I-1950: As a result of the various problems confronting the world, the dominance of the consumer co-operatives was challenged, creating fragmentations within the yet to become cohesive co-operative movement. This period also saw the emergence of housing co-operatives due to the housing shortage experienced in some parts of Europe;
- 1950s-1970s: The government welfarism formed the centre stage and in order for co-operatives to remain competitive, the need to merge became evident. This merger resulted in the loss of the co-operatives identity, setting the stage for the decline of the co-operative movement; and
- 1980s-to the present: This period saw the growth of co-operatives in developing countries, in part because of the privatisation embarked on by the various governments.

From the above periods, it can be seen that the history of co-operatives has been a chequered one. As new thinking comes up, co-operatives continue to evolve and the evolution is not limited to one part of the world.

3.2 The Origin of the Co-operative Movement

MacGillivray and Ish (2001: 8-13), Zeuli & Cropp (2004: 5-9) and Tchami (2007: 5-7) note that in spite of the fact that the exact origin of co-operative could not be determined, the authors argue that it is nevertheless possible to state that the co-operative movement appeared in Europe in the nineteenth century, as a result of the economic, social and demographic changes caused by the Industrial Revolution. Subsequently, the brands of co-operative practised by the colonialists in their home countries were transferred to the colonised countries mostly for administrative convenience. The Industrial Revolution brought about a rise in the urban population, increase in the cost of living, adulteration of foodstuff; and increase in unemployment rate; among others. This situation led certain people such as Robert Owen and William King in the UK, Charles Fourier and Philippe Bucher in France, Friedrich Wilhelm Raiffeisen and Schulze-Delitzsch in Germany to seek a solution to the growing problem of the poor (Lambert cited by Tchami, 2007: 6). The contributions of these people have been invaluable as a result of what has become of co-operative movement but the work of the twenty-eight Rochdale workers, in the formation and observation of the co-operative principles cannot be overemphasised.

In contrast to the other principles or expressions of principles which were the work of individuals, the Rochdale Pioneers, composed of twenty-eight workers, were the forerunners of the first group approach to co-operative principles history. That is why they are regarded as the pioneers of co-operative principles (Kamdem cited by Tchami, 2007: 8). The Rochdale co-operative thus became a mirror through which other co-operatives around the world see themselves.

Up to date (2011), the Rochdale principles as observed by Kamdem (cited by Tchami, 2007: 8) dominate the world co-operative movement. These principles are the following:

- Open and voluntary membership;
- Democratic control;
- Interest on share capital limited to 6%;
- Distribution of surplus to members in proportion to their transactions and contributions;
- Cash trading;
- Education and training for members;
- Political and religious neutrality; and
- Charitable distribution of assets in the event of dissolution.

Fairbairn (s.a.: 4-5) asserts that the Rochdale Pioneers did not just come together by chance, but were organized within a network of ideas and institutions brought about by the conscious reality predominating at that time. The objectives of the Rochdale Pioneers were ambitious but these were pursued within the environment in which they found themselves vis-à-vis their places of work and the vision envisaged for the body. This is evident in the first article of their statutes as documented by Saxena (cited by MacGillivray & Ish, 2001: 9) and Pezzini (2008: 4-5) below:

- *The objects and plans of this Society are to form arrangements for the pecuniary benefit, and improvement of the social and domestic condition of its members, by raising a sufficient amount of capital in shares of one Pound each, to bring into operation the following plans and arrangements:*
- *The establishment of a store for the sale of provisions and clothing;*
- *The building, purchasing or erecting of a number of houses, in which those members, desiring to assist each other in improving their domestic and social condition, may reside;*
- *To commence the manufacture of such articles as the Society may determine upon, for the employment of such members as may be without employment, or who may be suffering in consequence of repeated reductions in their wages;*

- *As a further benefit and security to the members of this Society, the Society shall purchase or rent an estate or estates of land, which shall be cultivated by the members who may be out of employment, or whose labour may be badly remunerated;*
- *That as soon as practicable, this Society shall proceed to arrange the powers of production, distribution, education, and government, or in other words to establish a self-supporting home-colony of united interests, or assist other Societies in establishing such colonies; and*
- *That, for the promotion of sobriety, a temperance hotel should be opened in one of the Society's houses as soon as convenient.*

Shaw (2010: 1) states that the way in which co-operatives are structured from one country to the other are not the same, which could be seen in the legislation, policy documents and regulations. For co-operatives to be effective, as put forward by Shaw (2010: 1), development programmes need to be sensitive to the local, social, political and economic landscape.

3.3 Co-operatives towards the Twenty-first Century

The ILO reported at its 89th session in 2001 that, at the turn of the 21st century, the world will be confronted with changes in areas such as politics, economy and technology, which are reshaping the development of co-operatives around the world. The impact of these changes on co-operative development are expounded by the ILO (2001: s.n.) below:

3.3.1 Political change

The political liberalisation around the world has impacted on co-operatives and their movement in two ways. The period of obligatory membership has come to an end thereby resulting in reduced membership and by extension contributions of the members. Cuts in governments subsidies also reduced the monopolies enjoyed by co-operatives and these had profound impact on the employment patterns within co-operatives and their movements.

3.3.2 Economic change

Due to the recognition of co-operatives' role in the economy by governments, suitable conditions are provided to ensure the sustainability of the role played by co-operatives in the economy. This has resulted in many co-operatives working like companies, whereby their services are no longer being offered to their members alone but also to the public. The resultant effect is a loss of their membership base, leading to either winding up or changing into investor-owned businesses.

3.3.3 Technological change

Technological change brought about rapid globalization, increased competition and economic change in the world. On the one hand, this has created new opportunities for economic growth and employment expansion. On the other hand, it has caused instability, thereby making it difficult for larger segments of the society to be employed.

3.4 Promotion of Co-operatives Recommendations 193 of 2002 of the ILO

Develtere and Pollet (2004: 11) emphasize that there has been renewed interest in co-operatives both in developed and developing countries. This renewed interest is seen in the way co-operatives are partnering, changing strategies and identity. Above all, is the Promotion of Co-operatives Recommendation 193 of 2002 of the ILO (International Labour Organisation) which replaces the Co-operatives (Developing Countries) Recommendation 127 of 1966; differing from the old one, the new recommendation applies to both developed and developing countries.

In 2002, the ILO, having recognised the impediments to global economic growth came up with the following recommendations for member countries to adopt in order to ensure virile economy where co-operatives will play a key role in the development:

- Recognizing the importance of co-operatives in job creation, mobilizing resources, generating investment and their contribution to the economy;
- Recognizing that co-operatives in their various forms promote the fullest participation in the economic and social development of all people; and
- Recognizing that globalization has created new and different pressures, challenges and opportunities for co-operatives, and that stronger forms of human solidarity at national and international levels are required to facilitate a more equitable distribution of the benefits of globalization.

In line with the above, the ILO (2002: not paginated) gave the policy framework, roles of governments and the implementation of the recommendations in paragraphs 6-13 of promotion of co-operatives recommendation at its 90th session.

3.4.1 Policy framework and the roles of Governments

Governments should provide a supportive policy and legal framework consistent with the nature and function of co-operatives and guided by the co-operative values and principles, which would:

- Establish an institutional framework with the purpose of allowing for the registration of co-operatives in as rapid, simple, affordable and efficient manner as possible;

- Facilitate the membership of co-operatives in co-operative structures responding to the needs of co-operative members;
- Encourage the development of co-operatives as autonomous and self-managed enterprises, particularly in areas where co-operatives have an important role to play or provide services that are not otherwise provided;
- Governments should introduce support measures. Such measures could include tax benefits, loans, grants, access to public works programmes, and special procurement provisions;
- The promotion of education and training in co-operative principles and practices at all appropriate levels of the national education and training systems, and in the wider society;
- The facilitation of access of co-operatives to credit;
- The promotion of the dissemination of information on co-operatives; and
- Seeking to improve national statistics on co-operatives with a view to formulating and implementing developmental policies.

This policy framework and the roles expected of the various governments are ambitious and the onus lies on each government to put the policy framework in place in order to be able to carry out the roles with minimal of efforts especially where there is the presence of political will to implement the policies. The question is how many of the countries that are signatories to the ILO Charter have policies and legislative frameworks that are beneficial to the co-operatives sector? This is a serious problem that needs to be addressed in order to make progress that will impact positively on the populace.

3.4.2 Implementation of public policies for the promotion of co-operatives

Since the policy framework and the roles of governments are not just wish list, the implementation strategies are highlighted below to guide the various governments on how to ensure a vibrant co-operative sector:

- Member States should adopt specific legislation and regulations on co-operatives which are guided by the co-operative values and principles, and revise such legislation and regulations when appropriate;
- Governments should consult with co-operative organisations, as well as the employers' and workers' organisations concerned in the formulation and revision of legislation, policies and regulations applicable to co-operatives;
- Governments should facilitate access of co-operatives to support services in order to strengthen them, their business viability and their capacity to create employment and income;
- Governments should, where appropriate, adopt measures to facilitate the access of co-operatives to investment finance and credit. Such measures should:
 - allow loans and other financial facilities to be offered;
 - simplify administrative procedures and reduce the cost of loan transactions; and
 - facilitate an autonomous system of finance for co-operatives, including savings and credit, banking and insurance co-operatives.

The above recommendations of the ILO for the member countries are laudable, but the question remains to what extent are these recommendations adopted by the countries that are signatories to the ILO Charters especially African countries? The South African Government departed in

2005 from the hitherto approach to co-operative matters to a more pragmatic approach by the establishment of Co-operative Act No. 14 of 2005 and the subsequent movement of co-operatives from the Department of Agriculture to the Department of Trade and Industry. One pertinent point to note in Africa in general, is that it is replete with policies and legislation, but implementation has always been a problem (Jimoh, 2004: 57). The development of co-operatives in Africa forms the basis for the next discussion, so as to describe how it has evolved in the past decades.

3.5 The Development of Co-operatives in Africa

Vanhuynegem (2008: 3) draws attention to the fact that co-operatives in Africa have gone through various phases: pre-colonial, colonial, post-colonial (independence) and post liberalization. Vanhuynegem (2008) points to the fact that co-operatives in Africa, like in many developing countries, cannot be said to be autonomous as a result of government meddlesomeness and domination, thereby short changing the members whose interest is no longer being served by the co-operatives.

Co-operative development in Africa, according to Wanyama *et al* (2009: 1), came from two periods, the first one could be linked to the time when co-operatives were predominantly under the State direction and the second one could be linked to the time when co-operatives have become autonomous. The first period was characterised by the policies of government that were not in the interest of the members of the co-operatives but rather an avenue to further the political clout of the politicians at the helm of affairs, especially in Anglophone countries. This led to the failure of co-operatives, and it is such failures that brought about calls for a change in

co-operative development in the early 1990s, thereby setting in motion the second era (Wanyama *et al*, 2009: 1). However, the second era as noted by Develtere (2008: 1) has been conditioned by past experiences brought about as a result of inadequate legislative and policy frameworks. As a result of these, there is little room for manoeuvre. The second era has witnessed renewed interest in co-operatives among different groups such as Non Governmental Organisations (NGOs), government agencies and donor agencies.

In a related development, Develtere (2008: 4-6) suggests five traditions, using a systemic characterization scheme to determine the co-operative identity that existed in Africa. These are: unified model tradition, a social economy tradition, a social movement tradition, a producers' tradition and a *sui generis* tradition in countries with limited exposure to colonialism, such as Egypt, Liberia and Ethiopia. Shaw (2010:2) classifies co-operatives in Africa into four distinct approaches based on the British, French, Portuguese and Belgian traditions.

As a result of globalisation and the attendant effect of donor agencies, there is now a thin line within the traditions, because it is now difficult to pin one tradition to a country in Africa.

3.6 The extent of the Co-operative Sector in Africa

Develtere and Pollet (2008: 44) assert that statistics about African co-operatives are scarce. One of the main reasons for this, according to Develtere and Pollet (2008: 44), is the low participation of African co-operatives in international apex organisations such as the International Co-operative Alliance (ICA), the World Council of Credit Unions (WOCCU) or the International Raiffeisen Union (IRU). Table 3.1 below gives an indication of the presence and the importance

of co-operatives in Africa, based on the number of the co-operatives found and the membership base. Develtere and Pollet (2008: 45) state that for every 100 Africans (including children and the elderly), seven people are likely to be members of a co-operative (average co-operative density of 7%). The implication of this, according to Develtere and Pollet (2008: 45), is that in spite of the challenges faced by co-operatives, they still have substantial presence in many countries in Africa. Some countries such as Egypt, Senegal, Ghana, Kenya and Rwanda have a higher co-operative density of over ten per cent.

TABLE 3.1: NUMBER OF CO-OPERATIVES AND CO-OPERATIVE MEMBERS

Country	Population in millions	Number of co-operatives	Number of members
Cape Verde	0.47	300	600
Egypt	73.4	13,100	10,150,000
Ethiopia	72.4	14,400	4,500,000
Ghana	21.4	2,850	2,400,000
Kenya	32.4	10,640	3,370,000
Niger	12.4	11,300	3,32,000
Nigeria	127.1	50,000	4,300,000
South Africa	45.2	5000	75,000
Rwanda	8.5	33,631	1,600,000
Senegal	10.3	6000	3,000000
Uganda	26.6	7476	32,3000
Total	429.8	154,697	3,013,6000

Source: Adapted from Develtere and Pollet, 2008: 43

Wanyama (2008: 368) states that in spite of the diminishing interest in co-operatives by the donor agencies who have contributed in re-engineering co-operatives in Africa, evidence still shows that co-operatives' growth has not declined and the sector's contribution to the economy is on the increase. This is due to the introduction of various models in all facets of co-operatives.

In South Africa, the history of co-operatives is embedded in its history, which happens to lean towards the producer tradition. It is still evident at the present time, though other co-operatives

such as housing co-operatives is a recent development and is still evolving. This was brought about as a result of the intervention of NGOs from countries such as Sweden, Norway and the United States. From the above characterization, it is possible to have countries with more than one traditions entrenched in their co-operative identity.

3.7 The Development of Co-operatives in South Africa

Van Niekerk (cited by Jara & Satgar, 2008: 5) stresses that the history of the co-operative development in South Africa is linked to the way the country was administered. The first co-operative formally established according to Van Niekerk (cited by Jara & Satgar, 2008: 5) was the Pietermaritzburg Consumers Co-operative, registered in 1892 under the then Companies Act 25 of 1892 (Pretorius, Delpont, Havenga & Vermaas, 2008: 2). In a study of the co-operatives in South Africa undertaken by the Department of Industry, four main historical trends emerged in the development of the co-operative movement in South Africa (DTI, 2009: 29):

- Agricultural sector co-operatives;
- Homeland (Bantustan) co-operatives;
- Trade union co-operatives; and
- Co-operatives in the informal sector.

The co-operatives in South Africa have a varied history, influenced significantly by the pre-independence and post-independence context in which they emerged. Until the early 1990s, the formal co-operative movement in South Africa was predominantly organised along the lines of registered commercial agricultural co-operatives affiliated with the Agricultural Business Chamber of the South African Agricultural Union (Peet cited by Rust, 2001: 68). The predominated agricultural co-operatives were made possible by the support they received from

the Government of the day through formulation of legislation such as the Land Acts of 1913 and 1936. This legislation was aimed at restricting the rights in respect of land ownership, tenure and residence, thereby driving the growth and development of the agricultural co-operatives (DTI, 2009: 4). Since the Government provided the required support by way of formulating beneficial policies and legislation that led to the growth and development of agricultural co-operatives, it will not be out of place to canvass for the same thing to be done by the government for the co-operative housing subsector in order to lift the subsector out of the doldrums.

Satgar (2007: 4) indicates that the legal reform of the Co-operatives Act 91 of 1981, which began through a review initiated in 2000, paved the way for the establishment of Co-operatives Act No. 14 of 2005, which departed from the earlier Co-operatives Act 91 of 1981 that supported the agricultural co-operatives. The new Act is predicated on the international principles and values of co-operatives as defined in the International Alliance Statement of Identity and the ILO Recommendation 193.

TABLE 3.2: NUMBER OF CO-OPERATIVES IN THE PROVINCES

Province	Number of co-operatives
Eastern Cape	1100
Free State	100
Gauteng	360
Kwa-Zulu Natal	1745
Limpopo	170
Mpumalanga	100
Northern Cape	100
North West	170
Western Cape	216
Total	4061

Source: Extrapolated from Satgar, 2007: 9

The aggregate figure for co-operatives, as stated by Satgar (2007: 9-10), in the country amounted to 4061, with most co-operatives developing as worker and multipurpose co-operatives, followed by agricultural co-operatives. Out of this number, Matsela (2010: 17) indicates that 58 of the co-operatives are in housing. Compared with the total number of co-operatives in South Africa, the number for housing is small, and the implication is that, it is very easy for the housing co-operative subsector to fail if all the necessary support from the stakeholders most especially the National Government are not provided.

3.8 The Challenges facing the Development of Co-operatives in South Africa

For co-operatives to develop in any country, including South Africa, some ingredients are needed without which the growth will become stunted and over time, it will become inactive. Satgar (2007: 19-22) stresses what should be done in other to overcome the challenges and have a virile co-operative which will stand the test of time. These are:

- Bottom up approach;
- Intra-governmental co-ordination;
- Avoidance of duality of co-operatives along racial lines;
- Tax reforms;
- Measuring economic and social impact of co-operatives; and
- Enhancement of multi-class appeal of co-operatives and attractiveness of people with different kinds of skills.

3.8.1 Bottom up approach

For co-operatives, both new and old ones, to be sustainable, need exists for the primary, secondary and sectoral bodies of co-operatives to allow the development of co-operatives to be from below. To achieve this, all the stakeholders including the government need to ensure that the values and principles of co-operatives are entrenched. This is based on the premise that only when the values and principles of co-operatives are uphold will the necessary growth within the co-operative sector happens and the effect will be felt in the larger society.

3.8.2 Intra-governmental co-ordination

The second important challenge facing co-operative development is intra-governmental coordination. Due to the nature of co-operatives, there are proliferations of institutions in various government departments, though these constitute strength only if these are brought together in a synergistic way. This structure, according to Satgar (2007: 20), has to be constituted in a way that ensures representativeness from across government departments and government linked institutions promoting co-operatives and also from the co-operative movement structures.

3.8.3 Avoidance of duality of co-operatives along racial lines

Establishing co-operatives along racial lines will stunt the growth within the sector. To avoid this, efforts should be intensified by all the stakeholders to ensure de-segregation and incentives, such as tax reforms, are put in place by the government to encourage racial blurring.

3.8.4 Tax reforms

In order to ensure the sustainability of co-operatives such as housing, the need to grant tax exemptions is imperative because of the non-profit making nature of some co-operatives.

3.8.5 Measuring economic and social impact of co-operatives

Since the seventh principle of co-operatives, according to Satgar (2007: 22), has to do with concern for the community, it will not be out of place for the Registrar of Co-operatives to publish reports on the state and social and economic impact of co-operatives in South Africa. This will go a long way in encouraging other members of the society to appreciate the contribution of the co-operatives to national development.

3.8.6 Enhancement of multi-class appeal of co-operatives and attractiveness of people with different kinds of skills

Efforts should be made by all stakeholders to ensure that co-operatives cut across the different segments of the society. To this end, academic institutions should be encouraged to carry out research on co-operatives where such efforts are undertaken and to disseminate the results to the public to enhance the public understanding of co-operatives principles and values (Satgar, 2007: 22).

Having come this far, it is appropriate to review a type of co-operative (housing co-operative) around the world, including South Africa, in order to have an insight on how people the world over have used co-operative to solve their housing problem. In the light of this, the various types

of housing co-operatives, their developmental phases, benefits derivable, the challenges faced, the lessons learnt and mitigating factors will be reviewed in the following sections.

3.9 The Concept of Co-operative Housing

The use of the co-operative housing approach to solve the housing needs of people has a long history, as documented by UN-Habitat (2006: 20). Although the approach has not been used to provide houses at scale in most of the places where the approach has been used, countries such as Sweden (18% of the housing stock), Czech Republic (17%), Germany (6%), Norway (15%), Turkey (25%), Austria (8%), Ireland (about 4%) and Estonia (45%) had used the approach to produce houses at scale (ICA_d, s.a.:3; ICA_b, s.a.: 3; ICA_p, s.a.: 4; ICA_k, s.a.: 3; ICA_c, s.a.: 2; Jaadla, 2002: 75, Pedersen, 2002: 71; Ellery, 2008: 29 and CCMH, 2009: 55). The reason for this, according to UN-Habitat (2006: 20), may be connected with the ways in which the housing co-operatives are structured at the primary, secondary and the apex levels over the years. In addition to this, supportive policy and institutional framework are in place. In many developing countries such as Nigeria, Philippines and South Africa this process of developing the co-operative housing approach is in its infancy, brought about by the failures experienced in other delivery approaches.

Onukwugha (2000: 7) indicates that the need for housing co-operatives originated from the fact that most housing problems in the developing countries can only be solved within the framework of viable, integrated and self-administered communities. Governments of many countries often impose what the governments feel are the solutions to the housing problems of the citizens without a recourse to finding out if such solutions are what the people want or not. The statement

below gives credibility to the preceding statement in that the imposition of government solutions to housing problems are not limited to the developing countries:

“Too much has been imposed from above, when experience shows that success depends on communities themselves having the power and taking the responsibility to make things better” (Blair, cited by the Confederation of Co-operative Housing (CCH, 1999: s.n.)

The co-operative housing approach has many advantages, as highlighted by UN-Habitat (2006: 20) and Crofton (2006: 18) below:

- Members’ participation ensures a level of control;
- Mobilisation of members’ resources;
- Depending on the model being used by the members, indirect ownership is provided;
- Enhances other Black Economic Empowerment (BEE) activities related to the housing co-operative;
- The potential of housing as an asset is realised; and
- Dependence on government over time when all necessary supportive frameworks have been provided is reduced.

The above advantages is an indication of the benefits that co-operative housing approach have over other delivery approaches when nurtured and allowed to grow.

3.10 Housing Co-operatives around the World

All around the world, the use of co-operative housing as a housing delivery approach has been documented. In this section, housing co-operatives in 16 countries are highlighted in terms of their history, the co-operative movement, finance and legal framework as reported by ICA (s.a.: 1-4)e; ICA (2009b: 1-4); ICA (s.a.: 1-6)f ; ICA (s.a.: 1-5)g; ICA (s.a.: 1-4)h; ICA (s.a.: 1-

7)i; ICA (s.a.: 1-9)c; ICA (2007: 1-8)j; ICA (s.a.: 1-4)k; ICA (s.a.: 1-6)l; ICA (s.a.: 1-7)m; ICA (s.a.: 1-6)n; ICA (2010: 1-6); ICA (s.a.: 1-6)p; ICA (s.a.: 1-6)q and ICA (s.a.: 1-5)r in the Tables in appendix D.

From Tables 3.5A-3.5D in appendix D, only three countries will be discussed because of their unique nature regarding the approach used by the various governments in assisting the housing co-operatives to meet with the goal of providing affordable housing to their members on one hand and reducing the national housing backlog on the other hand.

Pedersen (2003: 14) states that the success achieved by the housing co-operatives in Norway was attributed to the enabling environment created by the central government in the 1940s. This approach was to ensure that no single individual profited from the housing crisis experienced at that time and to ensure that a large number of the people had adequate accommodation (Gundersen, 2002: 81). One of the ways adopted according to Pedersen (2003: 14) was in dividing the responsibilities of the stakeholders in the following order:

- The creation of the State National Bank to make credit accessible to people. This is done by providing loans of between 70%-80% of the total cost of the development. The Central Government subsidises this scheme at the earlier stage;
- The municipalities provided affordable land for development and infrastructure. Apart from these, municipalities also examined applications for loans in the lending process of the State National Bank; this was to determine the applications to be given priority; and
- The private sector where the Co-operative Housing Movement was situated was the highest provider of housing.

In Canada, according to UNESCO (2000: s.a.) and Pinsky (2001: 24), the contribution of government to the growth of housing co-operative was in the following areas:

- Creation of appropriate legislation beneficial to co-operative housing approach;
- Guaranteeing mortgage loans in order to reduce the level of risk taking by the financial institutions;
- Provision of financial subsidies in order to reduce or postpone payment of capital costs; and
- Ensuring that low income household rent is calculated on the basis of their income and the government makes up the balance.

In Turkey, the development housing co-operatives dominate, as soon as the houses are completed, the co-operatives are dissolved (Turel, 2002: 63). The contribution of the government to the growth has been in the following areas according to Turel (2002: 63-66):

- Local and Central Governments gave priority to housing co-operatives in the granting of credits from the public funds;
- Priority was also given to housing co-operatives in the sale of land developed by the Local and Central Governments agencies;
- Provision of subsidies in the above forms of support;
- Provision of infrastructure to housing co-operatives projects;
- The establishment of the Real Estate and Credit Bank by the government to finance up to 90% of the development cost of the housing co-operatives; and
- 1% is charged as value added tax (VAT) as against 18% charged on other construction activities.

Based on the 3 countries described above, the roles of the various governments have been the driving force of the housing co-operatives in those countries due to the tremendous support received by the housing co-operatives. The implication is that the housing co-operatives in any country cannot do it alone without the support of government in areas such as having legislation and policies that are beneficial to the housing co-operatives, providing support services in areas such as land allocation and favourable finance and embarking on regular education and training.

3.11 Case History of Best Practice in Housing Co-operatives

Munkner (2009) edited 21 cases of housing co-operatives from 12 countries that apply co-operative principles in their day to day activities; one of such cases is Newtown Co-operative Housing Society in Dublin, Ireland. The best practice regarding the application of co-operative principles from Newtown Co-operative Housing Society is reproduced (Munkner, 2009: 54, 57-58):

3.11.1 Background

- Year of formation: 2004.
- Number of members: 282.
- Number of dwellings: 282 houses in 4 housing estates.
- Decision-making body: General Meeting.
- Full management board: It is composed of all local co-operative housing estate representatives.
- Extended self-administration: Members of the local housing estates meet. Residents of each local housing estate are represented on the society's board (management committee), elected by the members of each housing estate from their own members (3

representatives per 30 dwellings) to ensure equitable representation. Local estate management is supported by the society's management staff and caretaker.

- Financial resources: Cost of building the houses was funded by the 30 year State subsidised financial loan scheme in return for accommodating interested City Council social housing applicants on waiting list willing to accept the responsibilities of co-operative membership. Rents are related to income circumstances of members and are used for management and maintenance cost. Generally, this does not exceed 16% of member's income. An annual management and maintenance subsidy allowance per house is available.
- Affiliation: The housing co-operative is affiliated to National Association of Building Co-operatives Society Limited.

3.11.2 Areas of Best Practice

This section covers the open membership; education, training and information; membership participation and co-operation among co-operatives.

3.11.2.1 Open membership

There are two types of members according to use patterns:

- Persons seeking affordable housing with equity-sharing ownership tenure, with adequate income capacity pay the monthly mortgage loan, the management service charge and maintenance cost of the shared facilities. Such members have to undertake to live in the co-operative dwelling as their main place of residence and not to sublet it; and
- Persons seeking affordable rented dwellings, assessed as being in need of housing by the relevant local authority (City Council). Such applicants have to be on the waiting

list for social rented housing. In this group, the cost of housing is subsidised by the State.

3.11.2.2 Education, training and information

Information and a familiarisation programmes are provided to new applicants. Explanation on how the co-operative is organised and managed is presented. Details about the rented tenancy or equity-sharing ownership lease agreement are given.

3.11.2.3 Member participation

Residents in each local housing estate are represented on the co-operative society's board by persons' elected from the local housing estate.

3.11.2.4 Co-operation among co-operatives

The role of the housing co-operative does not prevent local matters from being discussed at the estate level close to members.

3.12 The Developmental Phases in Co-operative Housing

The CCMH (Commission on Co-operative and Mutual Housing, 2009: 55-57) states that there are three stages or phases of evolution of housing co-operatives up to the present time:

- The first phase is characterised by grass roots bottom up initiatives by trade unionists or housing and community activists experimenting with the development of housing co-operatives as a means of meeting the housing needs of people who are not able to get a decent home that they can afford. In countries such as Germany, Austria, Sweden and Canada, as stated by CCMH (2009: 55), that they were the pioneers of the co-operative housing approach, this phase was characterised by not well defined legal and financial framework and limited professional and technical expertise.
- Phase two replicates, consolidates and adapts successful pioneering experiments, leading to the emergence of a recognisable co-operative housing subsector. Regional

and national federations of co-operative and mutual housing start to form; support services able to facilitate the development of co-operative and mutual housing begin to develop and codes of conduct and best practice begin to emerge. CCMH (2009: 55-56) emphasises that the success of this phase was attributable to two reasons:

- The advocacy role of the national co-operative movements in countries such as Germany, Austria, Sweden, Norway and Canada. This was dependent on the sympathy shown by the various governments in that the co-operative housing approach could be used to solve the housing problem of the people; and
 - The formation of savings and loan schemes established for members to save towards their co-operative membership shares.
- Phase three, according to CCMH (2009: 56), is referred to as the period where there has been the entrenchment of the co-operative housing approach in the psyche of the public; a situation where specific provision is made for co-operative and mutual housing within the national legislation and housing systems. The level of support received by the housing co-operatives from their various governments may be connected with the percentage of housing stock provided through the co-operative housing approach as highlighted in section 3.9 above.

CCMH (2009: 55) states that the phases do not have a distinct division among them; a phase does not start and finish before the next one can begin. The development of the phases differs from one country to the other but the common denominator is to have housing co-operatives develop around the three phases for a viable co-operative housing subsector to be sustainable.

From the above characterisation, the South African housing co-operatives are at the first phase, where the rate of failure is at its highest. If efforts are not put in place to ensure that the housing co-operatives develop past that phase, it is not likely to move to the next phase. This phase

requires a lot of sacrifices on the part of all the stakeholders. The developmental phases in co-operative housing has shown that without beneficial legislative and policy frameworks in place, the growth, development and sustainability of housing co-operatives will be near impossible.

3.13 Tenure Arrangements in Housing Co-operatives

UN-Habitat (2006a: 24) draws attention to the fact that when members have agreed to come together to realise their housing need through the co-operative housing approach, the most important factor to consider is the tenure arrangement to be adopted. Tenure arrangement forms the crux of housing co-operatives as the failure or success of the co-operatives depends to a large extent on the tenure arrangements. Co-operatives according to UN-Habitat (2006a: 24) developed three basic types of tenure depending on the needs and perceptions of the members of the housing co-operatives. These are:

- Limited tenure: This has to do with the acquisition of land by the co-operatives and then sub-dividing it to members. The houses and associated services are expected to have been put in place by the co-operatives before dissolving the co-operative. The land and the structure on it become the property of each member. A variant of this is common in Nigeria with co-operatives that are multi-purpose in nature.
- Multiple mortgages tenure: The housing co-operative owns and maintains the common areas such as roads, recreation areas and other community facilities but the members own their separate units and the land. This tenure arrangement is practised in Co-op Villa, Lagos-Nigeria (Personal communication with Mr. Ossai, former manager of Co-op Villa and member of the co-operative on 2 June 2010 in Lagos).
- Continuing tenure: In this type of tenure arrangement, according to UN-Habitat (2006: 24), everything from the land, the houses and common area belongs to the co-operative. Invariably, the tenants are also the members of the co-operative. Members own shares

in the co-operative that allow the members to live in the houses built by the co-operative. Members are expected to pay monthly fees for the maintenance of the property and repayment of loans. When a member leaves the co-operative, what is due to such member depends on the option that the co-operative adopts such as no equity, limited equity and market rate.

In a related development, USN (2003: 67) and SHF (2005b: 13) highlight 3 different forms of co-operative ownership:

- No equity: This process has to do with a member who leaves getting what the member paid for the share when moving into the house. The share is transferred to the incoming member at the same price; this is to ensure affordability of the house at present and in future.
- Limited (or restricted) equity: This process takes into cognisance what has been invested by the outgoing member using some formulae to arrive at what should be given to the member when leaving the co-operative.
- Full equity: In this process, shares are transferred to incoming members based on market price.

The ILO (cited by Tchami, 2007: 26-27) highlighted the following tenure arrangements:

- Co-operatives of individually owned houses;
- Collective ownership co-operatives;
- Tenant co-operatives; and
- Management co-operatives.

Of note is that all over the world, there are different models of housing co-operatives available because of their flexibility to suit the environment in which they operate. In the words of Munkner and Trodin (1999: 27), there is no single model for the development of self-help organisation, of which a housing co-operative is one that can be transferred from one country to another or even from one region to another. Munkner and Trodin (ibid) are of the view that experience has shown that housing co-operatives differ from one community to another. For these housing co-operatives to be successful, the housing co-operatives have to be structured in line with the local needs of the members. This is not to say that best practice cannot be copied but with adaptation to suit the local needs of the members. Irrespective of the model/models chosen, the principles of co-operatives have to be embedded because without that, there is no housing co-operative.

3.14 The Benefits of Co-operative Housing

There are many benefits derivable by members of housing co-operatives as put forward by the following authors Davis (2006: 6-11); FOHCOL (2010: 6-8); Gray, Marcus & Carey (2005: 21 & 23); NCF (2004: 17); Rodgers (2009: 20); SHF (2005b: 10-11); Rowland (2009: 61-62); Saegert & Benitez (2005: 428-432) and Sazama (2000: 594). These benefits also impact on the communities where such housing co-operatives are situated, thereby making the communities to be socially and economically responsive. These benefits are:

- Affordable housing at present and in future;
- Development of quality environments;
- Promoting a culture of democracy;
- Development of leadership skills among members;
- Lower transaction costs than for a conventional mortgage;
- Member control;

- Wealth creation;
- Involvement in building social capital;
- Lower operating costs and loan default rates than rental housing;
- Stability;
- Neighbourhood management;
- Better social environment;
- Sustainable communities;
- Engenders member participation and
- Repossession risk will not be faced by members in the event of job loss.

Apart from housing provision, there are other benefits provided by the co-operative housing approach. This makes this approach to housing provision a worthy option to consider by the Government of South Africa in its quest to provide houses for the teeming population.

3.15 The Problems of Housing Co-operatives

In spite of the benefits that could be derived from co-operative housing as a delivery option, housing co-operatives around the world are beset by problems ranging from inadequate legislative frameworks, lack of understanding of the public and government officials on co-operative housing to inadequate finance as established by several authors. These problems are tabulated in Tables 3.3A-C:

TABLE 3.3A: PROBLEMS EXPERIENCED BY HOUSING CO-OPERATIVES

Rust, 2001: 147 (South Africa)	Eglin, 2008: 40 (South Africa)	Matsela, 2010: 21 (South Africa)	CMHN & VNC, 2004: 39 (Chicago)	Byaruhanga, 2001: 675-680 (Uganda)	Nnkya, 2001: 516-520 (Tanzania)
Tenure status.	The financial and human time involved in organising	Cross legislations not favourable to	Lack of financing sources.	Inadequate capital base.	Formation, organisation and management.

	people.	housing co-operatives environment.			
Governance arrangement.	The expectations that people can now own their own houses post 1994.	Lack of co-operative knowledge by government officials.	Lack of information and knowledge.	Weak internal control.	Access to land and security of tenure.
New building developments are implicitly favoured over incremental upgrades of inner city buy-out units.	The expectations people have that government will provide them with free house and no need to save/contribute.	Competition with established and supported tenures.	Lack of adequate education and participation by all members.	Inadequate human resources.	Financing and repayment of loans.
		Endeavour by Human Settlement Department to look at policy on housing co-operative has since dwindled.	Property management related issues.	Poor planning, policies and research.	Institutional framework and enabling environment.
		Interference by agency responsible for housing delivery.		Challenges of structural adjustment programme.	Construction and building materials.

Source: Researcher's own summary

TABLE 3.3B: PROBLEMS EXPERIENCED BY HOUSING CO-OPERATIVES

Alder & Munene, 2001: 79 (Kenya)	Mubvami & Kamete, 2001: 37 (Zimbabwe)	McClean & Onyx, 2009: 118-123 (Australia)	Clapham <i>et al</i> 2001: 6 (UK)	CCMH, 2008: 2 (UK)	Nubi, 2009: 20 (Nigeria)
High interest rate.	Political interference.	Financial difficulty especially from traditional financial institutions.	Lack of support structures.	Lack of sustainable finance.	Lack of professional co-ordination/sponsoring agency.
Low	Equity	Individual	Inappropriate	Lack of	Absence of enabling

affordability.	(violation of the standing procedures on access to land; co-ops have access to land ahead of others on the waiting list hence some people form co-ops to jump the queue).	home ownership is given priorities where it addresses the issues of communally owned areas.	regulation framework.	coherent support for development & sustainability.	legislation for the formation & operation of housing co-ops.
Imperfect land & housing market.	Ownership (co-ops cannot own property, property is registered in the name of individuals).	Negotiation of the registration, auditing and reporting requirements are barriers.	Changes due to 1988 Housing Act make it difficult to fund growth.	Lack of sustainable political support historically & currently.	Lack of necessary building skills among members.
	Too many agencies & institutions.		Hostile environment.		Land accessibility.
	Finance				Finance
	Demographic (some local authorities placing limit on the maximum number of co-ops.				Many housing co-ops are part of co-op groups set up for thrift and other purposes.
	Management				

Source: Researcher's own summary

TABLE 3.3C: PROBLEMS EXPERIENCED BY HOUSING CO-OPERATIVES

COPAC (2006: 91) South Africa	Coalition for Non-profit Housing & Economic Development (CNHED, 2004: 19-22) Washington DC	Canada Mortgage Housing Corporation (CMHC, 2003, 2) Canada	Rowland (2009: 23-24) UK	Fall (2008: 382-383) Senegal	Fruet (2005: 303, 316-318) Brazil
Non payment by members.	Lack of support from other co-operatives,	Poor management and improper	Finance.	No more preferential treatment on land issues.	Land use restrictions.

	lenders and organisations.	exercise of leadership.			
Lack of understanding of members and management agency of co-operatives.	Lack of training, technical assistance and management support.	Lack of interest by members in training and insufficient knowledge.	Lack of political support.	Lull in the implementation of consistent policy in urban planning matters.	Lack of access to construction finance.
Lack of support and understanding by all the spheres of government.	Default in mortgage payments.	Lack of proper system in place leading to abuse of authority and favouritism.	Restrictive Regulations.	Cessation of funding of urban planning operations.	Lack of a supportive legislative and policy framework.
Opposition to co-operative model.		Inadequate management structure.	Lack of commitment on the part of co-operators.	Administrative delay in obtaining finance.	Conflicts between types of co-operatives.
		Default in the payments of rents.		Tax constraints.	

Source: Researcher's own summary

Based on the above summary of the problems encountered by the various housing co-operatives, a further tabulation is necessary in order to give a clearer picture of the problems as they relate to developing and developed countries.

TABLE 3.3D: PROBLEMS EXPERIENCED BY HOUSING CO-OPERATIVES IN DEVELOPING AND DEVELOPED COUNTRIES

Developing countries	Developed countries
Lack of awareness by the officials of government.	Lack of information and knowledge on co-operative housing.
Unfavourable legislation towards co-operative housing.	Inappropriate regulation framework.
Interference by agency responsible for housing delivery.	Lack of support structures.
Opposition to co-operative model.	Hostile environment.
Lack of support by all the spheres of government.	Restrictive regulation.
Lack of access to finance.	Lack of sustainable finance.
Weak internal control.	Inadequate management structure.

Non payment of fees by the members.	Default in the payment of rents.
Lack of understanding by the members on co-operatives.	Inadequate education and participation by the members.

Source: Researcher's own summary from Tables 3.3A-C

For the purpose of the summary in Table 3.3D, the developing countries are Nigeria, South Africa, Tanzania, Uganda, Brazil, Senegal and Zimbabwe. Developed countries are United States, U.K, Canada and Australia. These are based on the problems identified by various authors from these countries as demonstrated in Tables 3.3A-C.

The above tabulation brings a salient issue to the fore, irrespective of where the housing co-operatives are based, the challenges are the same. Hence the solutions developed in other areas could also be adapted to the South African situation as is the case in the components of the framework proposed in Chapter 6.

3.16 Developing a Virile Co-operative Housing Subsector

Housing co-operatives are increasingly becoming an important vehicle for delivering houses. There are still some problems which still have to be sorted out before the co-operatives can effectively fulfil their roles fully. For co-operatives to fully fulfil their roles, government has to take into account the needs and requirements of the sector in policies and legislation (Bibby, 2008: 18). Therefore, to have a virile co-operative housing subsector that is sustainable, the following strategies need to be put in place, as put forward by Rust (2001: 163-166)

- Creation and implementation of appropriate policies and legislation beneficial to housing co-operatives;
- Viable support institutions that are to provide support in the following areas:
 - co-operative formation, organisation and management;
 - land acquisition;
 - provision or sourcing finance;

- negotiation with pertinent authorities on matters such as planning permissions, building standards and infrastructure; and
- physical design and contract supervision.
- Functional finance mechanisms for both short and long term loans; and
- Partnership between housing co-operatives and other stakeholders such as Savings and Credit Co-operatives (SACCOs), co-operative-like organisations, non-governmental organisations, apex body of co-operatives and all spheres of government.

In a report for the Mayor of London (2004: 19-20), the following were identified as a panacea for the growth of the co-operative housing subsector:

- Productive approach to co-operative housing development in strategies adopted by all spheres of government;
- Provision of quality education to their members by the co-operatives;
- Well defined management and control structures must be in place;
- Creating awareness for the public on the co-operative housing option; and
- Creating housing policies and legislation that promote community empowerment by the government.

As put forward by Jinadu (2004: 162-163), there is a need for pragmatic measures to promote activities of housing co-operatives in the developing world for sustainability to be entrenched.

Among the measures are:

- Training and education of co-operative members;
- Land availability at subsidised rate and removal of impediments to land title acquisition and processing;

- Creation of adequate legal and technical frameworks;
- Provision of adequate finance through loans and building material subsidy; and
- Initiation and formation of housing co-operatives by trade unions, NGOs and government establishments should be encouraged.

Coles (2008: 25) identifies the following as a prerequisite for housing co-operatives to be sustainable:

- Making finance available in order to expand the scale of delivery of co-operative housing;
- Provision of support structures;
- Favourable political climate to housing co-operatives;
- Removal of regulations that are stunting the growth of housing co-operatives;
- Co-operative members displaying high level of commitment.

CCMH (2009: 61) stresses that the following are needed to develop a mature co-operative and housing sector:

- Provision of adequate support from all levels of government;
- Presence of housing sector that is supportive of co-operative housing approach;
- Presence of co-operative movement that is supportive of housing co-operatives;
- Presence of strong and focused housing co-operatives;
- Provision of access and enabling structures to finance; and
- Creating avenues for information dissemination to the public on co-operative housing approach.

In a related development, Rowland (2009: 66) identifies the following as been imperative for the growth of co-operative housing sector:

- Finance that is made available and also sustainable;
- Provision of support structures and organisations;
- Provision of political environment that supports the development and growth of housing co-operatives;
- Provision of adequate legislation favourable to housing co-operatives; and
- High level of commitment by all stakeholders to co-operate.

Since the challenges confronting housing co-operatives are similar irrespective of the climate, it would be expected that the strategies adopted too will also be similar as shown in the above strategies. However, it is not just enough to have the strategies but political will is needed to carry them out so that housing co-operatives can become sustainable.

3.17 Housing Co-operatives in South Africa

In 1996, the Gauteng Provincial Board enabled the approximately 2000 tenants of seven apartment buildings in Hillbrow, Joubert Park and Berea to become owners of the flats they were living in (SHF, 2000: 4; Cull, 2001: 44; Rust, 2001a: 3; Fish, 2003: 409-410; Crofton, 2006: 18 & NDoH, 2009: 6). This marked the beginning of housing co-operative in Johannesburg inner city and to a large extent South Africa, as there was no prior documented evidence of its use to access the institutional subsidy of government. The question is why has it taken this long for this approach to be used in housing delivery?

TABLE 3.4: NATIONAL CO-OPERATIVE HOUSING MEMBERSHIP STATISTICS IN FIVE PROVINCES

TYPE OF PROPERTY	GAUTENG	NORTH WEST	WESTERN CAPE	KWAZULU-NATAL	EASTERN CAPE
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PHP & INFORMAL	1	1	0	9	11
HOSTEL UPGRADE	0	0	2	0	0
GREENFIELD	2	0	0	1	0
FLATS RENOVATION	20	10	1	0	0
TOTAL	23	11	3	10	11
TOTAL UNITS	105,000				
OWNERSHIP	70% BLACKS, 25% COLOUREDS, 5% INDIANS				
DEMOGRAPHICS	50% WOMEN, 40% YOUTH & 10% DISABLED				
EMPLOYMENT OPPORTUNITY	1,715 PERMANENT EMPLOYEES				

Source: Matsela, 2010; presentation on housing co-operatives to the National Housing Portfolio Committee Parliament, Cape Town.

Table 3.4 above is an indication of the low number of housing co-operatives in South Africa. Four provinces, namely Mpumalanga, Northern Cape, Free State and Limpopo are not represented. Even those with representations show low membership statistics. However, in the later part of the 1990s, with the slower rate in the delivery of housing by government, people started looking back at the rationale behind the communal approaches to addressing their housing needs.

3.18 The Models of Co-operative Housing in South Africa

Although the use of co-operative housing as a housing delivery approach is still at a developmental stage, there are some models emerging in the country. As would be expected, the models are beset with challenges, due to problems arising from the housing co-operatives members, government policies and legislation. The models are essentially related to the way in which housing co-operatives are structured, for example, names such as par-value co-operatives (ownership co-operatives), resident management companies, tenant management co-operatives, self-build co-operatives, short-life co-operatives and most recently, community land trust, are mentioned in the UK (Conaty, Birchall, Bendle & Foggit, 2003: 5; Mayor of London: 2004:14 and CCMH, 2009: 29-31). In the United States, limited equity, community land trust

and restricted deeds are associated with the structure of housing co-operatives (Davies, 2006:5). In South Africa, according to Anonymous (2005: 3), co-operative housing is modelled along two lines via the continuous co-operative and the development co-operative models. SHF (2000: 17) and SHF (2005: 3) identified two models of co-operative housing which are present in South Africa:

- The first model involves a housing management co-operative or company developing and managing primary housing co-operatives. Examples of this model are the Cope Housing Association (which developed the Newtown housing co-operative) and the East London Housing Management Co-operative (that developed nine primary housing co-operatives). This model is fashioned after the Norwegian mother/daughter approach (SHF, s.a.: s.n.). The latter example, as stated by SHF (s.a.: 10) was disadvantaged from the start by its high level of institutional complexity, which resulted in a bureaucratic model of development. This model is referred to as a continuous housing co-operative model as the houses are collectively owned by the members on a long term basis (SHF, s.a.: 1).
- The second model is one wherein members come together to form a primary housing co-operative and funds are mobilised from savings of the members. It uses the Peoples' Housing Process delivery approach in accessing the Government's subsidy; an example is the Masisizane Women's Co-operative in Midrand, Gauteng. This model is referred to as development housing co-operative model because the co-operative housing approach is used to realise the dream of members, the ownership lies with individual members and not the co-operative (SHF, s.a.: 1).

The following were the lessons learnt from the use of the various models as indicated by SHF (s.a.: 4, 7, 10 & 13):

3.18.1 Key lessons from Cope Housing Association

- Until members understand the dynamics of managing housing co-operatives and all the support is in place, complete control by members should not be attempted;
- High capital outlay is needed at the initial stage to pay the management company - among other needs;
- The preference for individual ownership by the members; and
- For the sustainability of the model, cost of training and capacity building need to be included into both the development costs and monthly charges.

3.18.2 Key lessons from Hostels to Homes Programme

- The point at which the members take full control was not defined as the local authority was still part of the management team; and
- Accessibility of training and educational programmes to the members was a positive development.

3.18.3 Key lessons from Amalinda Housing Co-operative

- The project was not suitable for all the members due to regular income needed to offset expenses incurred;
- Preference for individual ownership by the members;
- Transfer cost not built into the model to facilitate conversion to individual ownership;
- Savings scheme proved advantageous to the model;
- Introduction of communal space for businesses was also advantageous; and

- There was little understanding of the co-operative housing approach by the members and government officials.

3.18.4 Key lessons from Masisizane Women Housing Co-operative

- Inconsistent support and advice from the various spheres of government and the reliance on the founding member created some difficulties at the earlier stage of delivery;
- Keeping the institutional structures and processes simple are essential for the model to be workable;
- The technical advice from two NGOs (Rooftops Canada and Planact) contributed to the success recorded;
- The sweat equity from the savings scheme made the size of the houses larger than the typical RDP houses; and
- The level of commitment by the members also contributed to the success of the project.

The negativity on the complex nature of the model developed by the East London Housing Management Co-operative is a result of the lack of understanding by officials of the Government on the approach and by extension of the lukewarm support it has received over the years. The reason for this may not be farfetched, as the legislation, policies and practice on housing are mainly focused on individual ownership (Fish, 2003: 404). In addition, most policy documents on social housing lean towards the rental approach to housing delivery. Often, social housing is equated with rental housing in South African policy discussions (NDoH, 2005: 9; Charlton & Kihato, 2006: 266; Trusler & Cloete, 2009: 1097 and SHF, 2010: 19). The reason for this may be connected with the way social housing evolved in the country in the

1920s (when it was first introduced to address the working class poverty) and the public rental housing approach from the 1940s.

Recently, the Portfolio Committee on Human Settlements criticised the Department of Human Settlements for deliberately promoting social rental housing at the expense of the co-operative housing approach (South African Portfolio Committee on Human Settlements, 2010: s.n.). This promotion of rental social housing was further shown in the 2011 Freedom Speech of the President when the President spoke of the Government's commitment to construct 80,000 mixed rental housing units for the low income earners (Zuma, 2011: s.n.). This portends a serious challenge to the growth of the co-operative housing subsector if this trend continues.

3.19 Concept of Strategy

Haberberg and Rieple (2008: 50) state that the word strategy came from the Greek word *strategos*, meaning a well thought out military mode kind of plan. It is an approach used by organisations to function optimally in their external and internal environments (Najafi, 2010: 883). Macmillan and Tampoe (2000: 14) see strategy as the process put in place through ideas and actions in order to make the future safe for organisations. This has however gain prominence in the business world since in the 1940s. Over the years, organisations have benefited from effective strategies adopted by such organisations. Macmillan and Tampoe (2000: 14) emphasise that no universal definition of strategy exists as a result of the contributions strategy has received from groups such as the military thinkers, political thinkers, academics and practitioners, but that strategy is about ideas and actions to conceive and secure the future. Strategy is about having a competitive advantage as a result of creating a unique identity within the organisation's industry (Porter cited by Dobson, Starkey & Richards, 2004: 1).

Strategy is forward looking and deals with change; hence it is expected that those that will bring change in an organisation need to consider what lie ahead and have an understanding of what drives the change and the effect such change will have on the organisation (Stettinius, Wood, Doyle & Colley, 2007: 6). There are two views held regarding strategy, according to Dobson *et al* (2004: 2), there are those who see strategy as planning, in that information is gathered, sifted and analysed, forecast are made and based on these, the senior managers decide on the way forward for the organisation. The second view, according to Dobson *et al* (2004: 2), is to have in place a system of management that will make the organisation to be responsive to the environment which may not be predictable and as such may be difficult to adopt this planning approach.

In order to have an understanding of what strategy is being pursued in an organisation, Dobson *et al* (2004: 3) state that the need exists for organisations to know the interplay that brings the organisation to its present position and to do this, answers, will have to be provided to the following questions:

- How did the firm, gets to the present position?
- Why is it producing this range of products and services?
- Will the organisation still remain in the same line of business or will want to change in future?
- What is its management style?

Providing answers to the questions will lead to strategy formulation in the organisation.

Macmillan and Tampoe (2000: 21-24) list the way strategy is seen and used by organisations as highlighted below:

- Strategy as a statement of ends, purpose and intent;

- Strategy as a means of having competitive advantage;
- Strategy as positioning for the future;
- Strategy as fit between external and internal environments of organisations;
- Strategy as a way of successful norm.

Based on the above, this study will see strategy as positioning for the future, as a statement of ends, purpose and intent, as fit between external and internal environments of the housing co-operatives and as a way of successful norm.

3.19.1 Types of strategies

Haberberg and Rieple (2008: 49-51) classify strategy into four types which are highlighted below:

- Emergent strategies: These are strategies that come about as a result of opportunistic decisions at any level of an organisation and have impact on the organisation as a whole. These strategies are not intentionally planned and can come from the lower levels in an organisation. An unplanned reaction to circumstances that are not foreseen (Hill & Jones, 2007: 24).
- Intended strategies: These are strategies that are articulated and decided by the leadership of an organisation well before being implemented.
- Deliberate strategies: When intended strategies become operational, they are called deliberate strategies. Mintzberg and Waters (cited by Haberberg & Rieple, 2008: 50) observe that there are three problems that are usually associated with deliberate strategies:
 - During the implementation stage of the strategies, all the strategies may not work as envisaged by the leadership of an organisation due to many factors;

- Strategies that are implemented may in some cases not be those that are articulated and decided upon; and
- Situation may force an organisation into adopting strategies that are not planned.
- Imposed strategies: These are strategies that members of an organisation have little or no control over. Circumstances foisted the strategies on the organisation.
- Realised strategies: When imposed strategies in addition to some emergent strategies and intended strategies are deliberately realised in the end constitute realised strategies. Realised strategies are those strategies that an organisation put into practice at the end of the day (Hill & Jones, 2007: 24).

3.19.2 Process involved in a strategy

There are five stages involved in strategic planning process according to Hill and Jones (2007: 11). These stages are highlighted below:

- Selection of the mission and goals of the organisation;
- Analysis of the organisation's external environment in order to be able to establish the opportunities and threats to the organisation;
- Analysis of the organisation's internal environment in order to establish the strengths and weaknesses of the organisation;
- Selection of strategies based on the above analyses by maximising the strengths and opportunities of the organisation and minimising the weaknesses and threats of the organisation; and
- Implementation of the developed strategies.

From the stages identified in the strategic planning process above, there are three features that can be discerned, the present position an organisation is occupying, an idea of what the future

will be like and finally taking action to get there. These features according to Macmillan and Tampoe (2000: 13) are the essence of strategic management.

3.20 Strategic Management

Strategic management, according to Harrison and St. John (2004: 4), is the process whereby organisations analyse and make informed judgements from their external environments and internal capabilities, establish the way forward, formulate and execute strategies that are in support of the organisational goals. David (2009: 4) sees strategic management as the art and science of formulating, implementing and evaluating decisions to realise organisational goals. On the whole, strategic management has to do with making the managers have the knowledge of the present position of their organisations and what the future holds, identify the difference between the current position and the future one and put in place measures to close the gap (Stettinius *et al*, 2007: 9).

3.20.1 Strategic management process

Harrison and St. John (2004: 4-8) classify the strategic management process in five as shown:

- The analysis of the external and internal environments;
- Determination of the strategic direction of the organisation;
- The strategy formulation;
- The implementation and control of the strategy; and
- Restructuring the strategy.

3.20.1.1 The environments of an organisation

The environments of an organisation can be divided into external and internal as stated by Harrison and St. John (2004: 4, 5-6).

- The external environment: This consists of broad and task environments. The broad environment has to do with local and global forces such as socio-cultural, technological, political and economic trends. These forces according to Harrison and St. John (2004: 20) could have a high impact on an organisation and its task environment. Organisations have little influence on the forces. The task environment consists of stakeholders that organisations relate with in the course of carrying out their activities. These stakeholders include customers, suppliers, government agencies and administrators, local communities, NGOs, financial institutions (Harrison & St. John, 2004: 25-26).
- The internal environment: This consists of managers, employees and the owners. Within the internal environment, the person in-charge of an organisation usually has an impact on the level of success achieved by that organisation (Harrison & St. John, 2004: 40).

To this end, the external environment consists of the legislative and policy frameworks of government in housing, the efforts of the financial institutions vis-à-vis the various instruments in place and the general public. The internal environment in the context of this study has to do with the governance issue and the internal control at the various housing co-operatives.

3.20.1.2 *Strategy formulation tools*

Formulating strategies as stated by David (2009: 215) is an exercise carried out to understand how well an organisation is doing and what can be done to improve on its activities. Grant (cited by David, 2009: 191) observes that strategy is sometimes seen as the match an organisation carries out between its internal capabilities and the opportunities and threats generated by its external environment.

David (2009: 191, 206) classifies the strategy formulation tools into six as shown:

- The Strengths, Weaknesses, Opportunities, Threats (SWOT) Matrix;

- The Strategic Position and Action Evaluation (SPACE) Matrix;
- The Boston Consulting Group (BCG) Matrix;
- The Internal-External (IE) Matrix;
- The Grand Strategy Matrix; and
- The Quantitative Strategic Planning Matrix.

The above tools according to David (2009: 191) rely on data gathered from the external opportunities and threats and internal strengths and weaknesses. All organisations have some external opportunities and threats and internal resources that can be explored in order to formulate strategies.

- *The SWOT matrix*

This is one of the strategy formulation tools used by organisations to develop different types of strategies and there is no one best set of matches as stated by Weihrich (cited by David, 2009: 192). In carrying out the SWOT analysis, there are eight stages involved as established by David (2009: 192-193):

- Listing of the organisation's key opportunities;
- Listing of the organisation's key threats;
- Listing of the organisation's key strengths;
- Listing of the organisation's key weaknesses;
- Matching the strengths with opportunities and record the strengths-opportunities strategies;
- Matching the weaknesses with opportunities and record the weaknesses-opportunities strategies;
- Matching strengths with threats and record the strengths-threats strategies; and
- Matching weaknesses with threats, and record the weaknesses-threats strategies.

Stettinius *et al* (2007: 27) advise that organisations should:

- Not overanalyse their current positions, the focus should be on what is important; and
- Think SWOT, as it provides the foundation for developing competitive strategies.

The essence of this section on strategy in this study is to aid the researcher in formulating strategies based on the processes highlighted without compromising avoidable mistakes. In formulating the strategies, only the first four stages will be considered. Apart from the strategies that will be formulated from the analysis of the interviews that will be conducted, predetermined questions on strategies are part of the survey for the chairpersons and the members of the housing co-operatives.

3.21 Conclusion

This chapter was on the review of co-operative and how people have used it to solve housing problem. One thing readily comes to mind, co-operatives in all its ramifications including housing co-operatives has had a chequered history around the world where people have put co-operatives to work in solving their daily problems ranging from food to shelter. Though one outstanding feature is that there is something in it for everybody due to its flexibility and factors such as social, cultural and economic background of the people determine the model that is suitable in a given environment. The situation in South Africa is not different from what is obtainable in other parts of the world in the areas of challenges confronting the housing co-operatives, hence it is expected also that the solutions from those other countries could be adapted to suit the environment in South Africa. Government support in countries such as Canada, Norway and Turkey was overwhelming and resulted in the rapid growth and development of the co-operative housing approach. In the pre-democratic South Africa, support was received by the predominant agricultural co-operatives in areas such as the formulation of beneficial policies and legislation. The use of strategic planning was found to be used

extensively in business but can also be used in other human endeavours as shown in the literature. In formulating strategies, it is necessary to know the present position of the organisation, have an idea of what the future will look like and then make plans of how to get there.

CHAPTER FOUR

THEORETICAL FRAMEWORK AND RESEARCH METHODOLOGY

4.0 Introduction

This chapter covers the following aspect of the study; theoretical framework which tries to locate the study within the “triad” model developed by Develtere in the study of the social movement in co-operatives. A brief overview of research in the Built Environment is then undertaken to describe the extent of mixed methods methodology in the Built Environment. Research philosophy, research paradigms and research methodology are explained with emphasis on the pragmatic paradigm and the mixed methods methodology being the paradigm and methodology adopted in this study. Finally, data collection procedures, research ethics, validity, reliability and generalisation are expatiated.

4.1 Theoretical Framework

From the previous literature review, the problems that housing co-operatives experienced in different countries around the world were identified and presented in Tables 3.3A-C. The problems can be grouped into two categories: The first has to do with the mobilisation of resources such as land and finance and secondly, organising these resources based on the principles of co-operatives, which form the mainstay of any housing co-operative. These principles distinguish housing co-operatives from other co-operative-like initiatives; hence the need to locate the study within a theory or model for proper understanding of the research is imperative. The study is anchored on the Develtere model, called the “triad” model. It was used to study social movements in co-operatives, since housing co-operatives is a microcosm of a co-operative movement; hence the model can be used.

Gerard and Martens (cited by Develtere, s.a.: 26) distinguish three components or forces in all social and co-operative movements. The ideology of the movements present the images of a desirable society based on specified values and the ways to achieve them. There is also the praxis or the action that is responsible for the mobilization and participation of the membership base. To realize their objectives, as stated by Gerard and Martens (cited by Develtere, s.a.: 26), they also develop at least a minimal organisational structure.

Develtere (s.a.: 26) establishes that there is a continuous interaction among the components (the ideology, the praxis and the organisation). Over the years, due to the resources deployed by the members of co-operatives through their participation in co-operative activities, the ideology is created and recreated. This ideology determines who can be members and the resources expected from the members. Based on the ideology and the praxis, according to Develtere (s.a.: 26), the structure of the organisation (in this case the co-operative) is defined. The interaction of these components creates the identity of a social movement (Develtere, s.a.: 26).

Social movements came about as a result of dissatisfaction felt by society from the *status quo*, as emphasized by Develtere (s.a.: 30). They present their grievances through demonstrations, strikes, riots, occupation of land, boycott of business or by the development of social and economic alternatives such as self-help schemes or saving clubs. In South Africa, people join housing co-operatives because it takes a long time to wait for the RDP houses promised by the Government. They also want to have control of the outcome of their houses when completed. In other climes where there are no subsidies, as is being provided in South Africa, people form housing co-operatives where ordinarily they would have been incapacitated as individuals to get control of their destiny (Willie-Nwobu cited by Olusanya, 2000: 7).

As stated at the outset, housing co-operative is a microcosm of the co-operative movement. Since the study is based on an in-depth understanding of housing co-operatives in South Africa, it has to do with the interplay of the principle of co-operatives (ideology); the praxis (the resources employed) and the way the organisation is structured. In other words, it investigates how the housing co-operatives adhere to these principles, the way resources are employed by both the government and the housing co-operatives members and finally, the way the members structure their various housing co-operatives. Develtere's "triad" model is thus suitable for the study.

4.2 A Shift towards Mixed Methods Research Methodology in the Built Environment

Several authors (Easterby-Smith & Lowe, 2002: 3; Cater and Fortune cited by Ong, 2003: 123 and Dainty, 2008: 5-6) state that for many years, the dominant research approach in management has been the quantitative approach. In a study conducted by Dainty (2008: 6), 71% of the articles published in Construction Management and Economics Journal used quantitative methods; 11.2% used mixed methods; 8.4% used qualitative methods and 9.4% was classified as review/other papers.

In spite of the above revelation, there have been calls by authors in the Built Environment for the use of mixed methodologies in order to combine the benefits inherent in qualitative and quantitative methods, while minimizing their disadvantages. According to Love, Holt and Li (2002: 294), research in Construction Management is better situated at the intersection of natural and social sciences; hence a combination of methodologies is advocated. Dainty (2008: 11) is of the opinion that when methodologies are combined, the differences propagated as to how Construction Management research should be conducted in the two approaches within the last 15 years, will be rejected. Dainty (2008) further states that none of the methodologies on its

own can provide a gamut of what Construction Management research entails; hence multi-methodology research design should be embraced in order to better understand the complexity that shapes the construction industry. This view has been shared by Easterby-Smith and Lowe (2002: 29); Love *et al* (2002: 294 & 302); Raftery *et al* (cited by Ong, 2003: 124); Amaratunga and Baldry (cited by Ong, 2003: 124); Knox (cited by Pathirage, Amaratunga and Haigh, 2008: 9); Bryman (2007: 21-22) and Chan and Littlemore (2009: 5). This shift towards mixed methods research methodology in Construction Management is even more appropriate to housing, which is a multi-disciplinary field of study (Van Wyk, 2009: 6)

Based on the above, the research approach adopted in this research was the mixed methods approach, located in the pragmatic paradigm. Wheeldon (2010: 88) is of the view that pragmatism relies on the approach that is flexible instead of relying on deductive reasoning and the general premises before conclusion could be reached. Alternatively, relying on inductive reasoning before reaching conclusion. This is to bring to bear the benefits in both qualitative and quantitative methods while reducing their limitations. Qualitative and quantitative approaches are used to complement one another. Dainty (2008:8) states that complementarity is the adoption of two strategies that converge different parts of an investigation. A mixed methods research according to Amaratunga, Baldry, Sarshar and Newton (2002: 30) has a number of advantages within the Built Environment. Although housing is a multi-disciplinary field of study, it forms part of the Built Environment; hence mixed methods research is a suitable choice for this study.

4.3 Research Philosophy

What a researcher engages in when carrying out research is called research philosophy because it involves the development and the nature of knowledge (Collins, 2010: 36). It is governed by

certain assumptions made by the researcher in the way the world is viewed. According to Easterby-Smith and Lowe (2002: 27), philosophical issues in research are expected to be contemplated in order not to have a flawed research in terms of the quality output. Hence, Easterby-Smith and Lowe (2002: 27) highlight four reasons why the understanding of research philosophy is necessary, these are stated below:

- Research philosophy gives a better understanding of research designs;
- Research philosophy also helps the researcher in the recognition of the designs that will work and those that will not be feasible within the confines of the research being undertaking;
- Research philosophy may help the researcher in the identification and creation of designs which may not be within the researcher's knowledge; and
- Research philosophy may also help the researcher in the adaptation of research designs to suit a particular scenario.

As stated by Pathirage *et al* (2008: 5), research philosophy refers to the totality of the epistemological, ontological and axiological assumptions and undertakings that influence an investigation in a research endeavour. Epistemology has to do with the theories of knowledge that try to answer questions surrounding the nature of knowledge, the acquisition and limitations of this knowledge (Knight and Turnbull, 2008: 65). Epistemology involves the examination of the relationship between the researcher and what is being researched, in other words, a positivist believes in that only phenomenon that can be observed and measured can only be regarded as knowledge (Collis & Hussey, 2003: 48). Epistemology is the central focus in a research that informs the researcher about the claim made concerning the phenomena the researcher is interested in to determine if it is warranted or not (Johnson & Gill, 2010: 191). To this end, the pragmatic world view combining both positivist and interpretivist paradigms was adopted as the way the knowledge was created.

Ontology according to Collins (2010: 37) has to do with the nature of reality which raises assumptions about the operation of the world and how the researchers see the world. This viewpoint could either be seen in an objective or subjective way (Collins, 2010: 37). Collis and Hussey (2003: 48); Mertens (2007: 215) and Collins (2010: 37) show that axiological assumption is concerned with values including aesthetics and ethics; it addresses the issues of ethical dilemma that may arise in the inquiry. Collis and Hussey (2003: 48) state that the positivists believe that they are not part of what they are researching, that is they are not attached to what they are researching; hence the process is value-free. The phenomenologists are of the view that researchers have values even if not stated. It is these values, according to Collis and Hussey (2003: 48-49), that help to determine those things that are recognised as facts and the interpretations that result thereof.

Relating the ontological assumptions to the epistemology of the study, assumptions based on both qualitative and quantitative research methodologies were made, since the study was domiciled in pragmatic paradigm.

4.4 Research Paradigms

The whole gamut of experiencing and thinking about the world including the beliefs about morals, values and aesthetics is known as paradigm (Morgan, 2007: 50). The totality of the world view that set the way research is accomplished (Willis, 2007: 8). Creswell (2009: 6) sees paradigms as worldviews which shape the discipline area of the researcher and the past research experiences. Creswell further expounds that the forms of beliefs held by researchers will determine the approach to be adopted in a research whether qualitative, quantitative or mixed methods. Creswell (2009: 6) identifies four different worldviews, these are postpositivism, constructivism (often combined with interpretivism), advocacy/participatory

and pragmatism. However, only pragmatic paradigm was discussed since it is the paradigm that is most suitable for the study based on its inherent advantages in combining qualitative and quantitative research methodologies.

- *Pragmatic paradigm*

This paradigm, according to Creswell (2009: 9), arises out of actions, situations and their effects as against the worldview of the postpositivism. Essentially, it has to do with what works and the solutions to problems (Patton cited by Creswell, 2009: 9). Pragmatism is a way of rationalizing the collective use of both qualitative and quantitative approaches in a research (Bryman, 2006: 116). Patton (cited by Rocco, Bliss, Gallagher & Perez-Prado, 2003: 21) indicates that the pragmatic position is such that research design decisions are made in accordance with methods that suit the demand of a particular inquiry. Hence, according to Johnson and Gill (2010: 206), the truthfulness of any methodological interpretation will only be present until it is practically tested.

Pragmatism according to Jaccard and Jacoby (2010: 9) was based on the work of C.I. Lewis that advocated that science does not provide a copy of reality but researchers has to work with hypothetical situations to assist their inquiries. Johnson and Onwuegbuzie (2004: 18), Onwuegbuzie and Leech (2005: 383), Creswell (2009: 10-11), Cherryholmes (cited by Creswell, 2009) and Morgan (cited by Creswell, 2009) present the following features of pragmatic worldview:

- There is no commitment to one system of philosophy and reality;
- There is freedom of choice for the researchers;
- Many approaches are used for data collection and analysis;
- At any given time, the truth is what works;

- There has to be rationale for mixing in the first place and the consequences that may arise thereof;
- Pragmatism opens a plethora of opportunities vis-à-vis how the world is viewed, the way data are collected and analysed and the way assumptions are made in the course of the inquiry;
- Approves practical theory;
- More into action than philosophy; and
- Pragmatic researchers are in a better position to use quantitative research to throw more light on an aspect of qualitative research and vice versa.

The above features of the pragmatic paradigm make it more appropriate for the study, in addition to the reasons advanced under research philosophy in section 4.3.

4.5 Research Methodology

The principles and procedures involved in a logical thought out processes that are applied in an inquiry are referred to as research methodology (Fellows & Liu cited by Sutrisna, 2009: 51). According to Bailey (cited by Morenikeji, 2006: 37), methodology has to do with the thinking through of the research process, which among others includes the assumptions and the way and methods the researcher uses for interpreting data and reaching conclusion. Morenikeji (2006) says methods simply address the research technique or tool used to capture data. Sutrisna (2009: 51) states that within a research methodology, there may be various research tools used to accomplish the aim and objectives of a research. Creswell (2009: 12-15) identifies three research methodologies that are highlighted below:

4.5.1 *Qualitative methodology*

The interpretivists normally adopt this methodology in the course of their inquiries. The strengths of this approach as highlighted by Castro, Kellison, Boyd and Kopak (2010: 342-343) include:

- Accuracy in operationalising and measuring specific construct;
- Group comparison is possible; and
- Model specification and testing in research are also possible.

However, the limitations of this approach according to Mason (2002: 6), Johnson and Onwuegbuzie (2004: 20) and Castrol *et al* (2010: 343) are the point of entry in proofing its uniqueness, measurement is removed from the real world and it is difficult to make quantitative predictions.

4.5.2 *Quantitative methodology*

The positivists usually adopt this methodology in their investigations. This approach has the following strengths as stated by Castrol *et al* (2010: 343):

- Generation of comprehensive account of human experiences is possible;
- The accounts are within the context of the observations; and
- An in-depth analysis is possible in a way that cannot be captured by measurement scales.

The limitation of this approach as put forward by Castrol *et al* (2010: 343) is that the ability to make strong conclusion is limited.

In order to minimise the limitations highlighted in both the qualitative and quantitative methodologies, mixed methods methodology was adopted for this study.

4.5.3 Mixed methods methodology

This methodology finds its domain in the pragmatic paradigm (Creswell, 2009: 11). This methodology arose out of the inadequacy found in either qualitative or quantitative methodology when used alone (Hesse-Biber & Leavy, 2011: 277). Johnson, Onwuegbuzie, and Turner (2007: 123) and Johnson and Onwuegbuzie (cited by Yin, 2009: 62) describe a mixed methods approach as a class of research where the researcher mixes or combines quantitative and qualitative research techniques, methods, approaches, concepts or language into a single study for the purpose of breadth and depth of understanding. Creswell and Clark (2007: 5) define mixed methods research as follows:

“a research design with philosophical assumptions as well as methods of inquiry. As a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative approaches in many phases in the research process. As a method, it focuses on collecting, analysing and mixing both quantitative and qualitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative approaches in combination provides a better understanding of research problems than either approach alone”.

The main investigation may rely on a survey or other quantitative techniques, and the case study may help to investigate the conditions within one of the entities being surveyed. The strengths of this approach are highlighted below as stated by Johnson and Onwuegbuzie (2004: 21):

- The greatest strength is its ability to combine the strength of both the qualitative and quantitative approaches thereby limiting their weaknesses;
- Different types of research questions could be asked as it is not limited to one approach;
- Textual evidence can be used to give credence to measurements and vice versa;
- The result of one method could form a basis of the start of another method and vice versa;

- The conclusions reached could be enriched as the result of one aspect can complement or corroborate the other aspect;
- The quantitative aspect of the study can be used to increase the generalisability of the study;
- The overall study could be enhanced in that the possibility of omission is reduced as against when a single method is used; and
- When the two approaches are used together, they give a deeper knowledge in which to further understand theory and practice.

As a result of the above strengths identified, mixed methods methodology was adopted where both qualitative and quantitative data collection methods were put to use.

This methodology has six major strategies as put forward by Creswell and Clark (2011: 68-72), the six strategies will be highlighted but only the convergent parallel design using the parallel-databases variant (Creswell & Clark, 2011: 80-81) strategy will be explained as it was the strategy adopted for the research because it involves concurrent collection of data that are brought together during interpretation of the data: The convergent parallel design, the explanatory sequential design, the exploratory sequential design, the embedded design, the transformative design and the multiphase design.

- *The convergent parallel design or convergent design*

This method according to Creswell and Clark (2011: 69-69) is such that the researcher uses both the qualitative and quantitative parts of the research at the same time within the research, giving the same weighting to both qualitative and quantitative methods while keeping them separate during analysis but bringing the two together during the overall interpretation. In other words, both the qualitative and quantitative data are collected during the same phase of the

research and then the two data are merged during the final interpretation. The importance of this method is to get different data set on the same topic that is complementary in order to understand the research problem better (Morse cited by Creswell & Clark, 2011: 77). The method enables the researcher to illuminate quantitative results with the qualitative findings by mixing the results in order to develop a more robust understanding of the problem (Creswell & Clark, 2011: 77).

Creswell and Clark (2011: 77) states that this method could be used in the following ways:

- When in the opinion of the researcher, both the qualitative and quantitative data are of the same weighting in order to understand the research problem; and
- The researcher can manage the interpretation of both the qualitative and quantitative data set.

One of the variants of the convergent design is the parallel-databases design which is the approach used in this research where both the qualitative and quantitative data set are conducted separately and are only brought together during interpretation. The independent results are mixed or compared during discussion of the results (Creswell & Clark, 2011: 80-81).

There are four stages involved in the implementation of the convergent design according to Creswell and Clark (2011: 78) as stated below:

- Both qualitative and quantitative data are collected concurrently but are separately collected as one data set does not depend on the results of the other;
- The two data sets are analysed separately and independently from each other using typical quantitative and qualitative analytical methods;
- The next stage is the merging which may include comparing the results or convert the results in order to ensure relating the two data sets during additional analysis.

According to Clark, Garrett and Pelecky (2010: 156-158), merging could be done in one of the following three ways:

- Merging in a discussion especially in a conclusion section of a research;
 - Merging with a matrix; and
 - Merging by data transformation.
- Finally, the researcher interprets the data to determine the extent and the ways the results converge, diverge from each other or better still relate to each other in order to create an understanding of the research problem.

The flowchart of the stages highlighted above is shown in Figure 4.1:

The strengths of convergent design according to Creswell and Clark (2011: 78) are:

- The design makes intuitive sense as researchers that are new to mixed methods research usually choose this design;
- Since both the qualitative and quantitative data are collected at almost the same time, it makes it an efficient design; and
- It allows the collection and analysis of both qualitative and quantitative data separately and independently.

However, the following challenges could be encountered when using this design as stated by Creswell and Clark (2011: 80):

- Much effort is required due to the concurrent collection of both the qualitative and quantitative data;
- There is the need to consider the implications of merging the two data sets;
- Merging the two data sets in a meaningful way could be tasking; and
- There may be problem of resolving the results when both the qualitative and qualitative results do not agree.

The above challenges were considered during the data collection, presentation and analysis stages. The problem of resolving the results from the survey and case study did not arise as there was concurrence in the data obtained from the two methods.

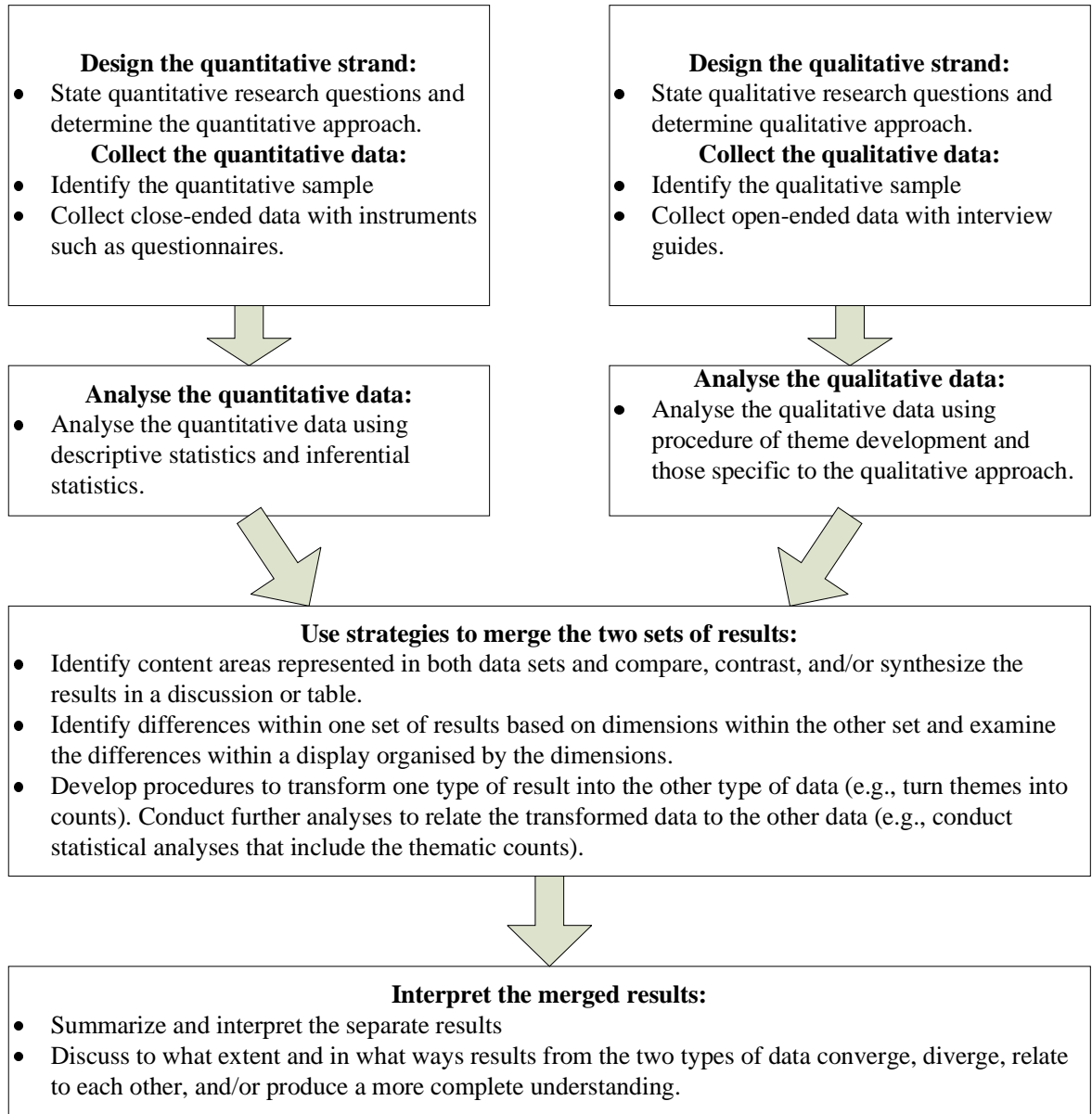


FIGURE 4.1: Flowchart of the stages in implementing a convergent design, adapted from Creswell and Clark (2011: 79).

4.6 Data Collection Procedures

The research is aimed at studying housing co-operatives with a view to determining the success of co-operative housing as a housing delivery mechanism in South Africa and benchmarking this with international best practice to develop strategies that will ensure the sustainability of housing co-operatives. In order to do this, hypotheses were formulated and objectives were set, there is also the need to locate the study within a paradigm that best suit the study. As stated earlier, this study is domiciled in the pragmatic paradigm using the mixed methods methodology based on the strengths identified under mixed methods methodology (section 4.5.3), the research approaches adopted were case studies and surveys while the research techniques or methods used were the administration of questionnaires and conducting interviews with the housing co-operatives identified (Blaxter, Hughes & Tight, 2006: 63). The research was a single phase three-stage research as explained below. The sampling procedures used were independent of each other in that, for the quantitative strand, the population was used, while purposive sampling was used for the qualitative strand (Teddlie & Yu, 2007: 92). Creswell and Clark (2011: 183) are of the opinion that having different sample sizes for the strands is a good option because it helps the researcher to obtain an in-depth qualitative exploration and robust quantitative examination of the research problem.

4.6.1 The survey

This is the first stage in the study. Survey design according to Creswell (2009: 145) gives a quantitative description of phenomenon such as trends, attitudes, or opinion of population. Based on the results obtained, generalisation to the population is possible. Collis and Hussey (2003: 66) describe a survey as a positivistic methodology that draws a sample from a larger population in order to draw conclusions about the population. Where the population is small, Collis and Hussey (2003: 66) advise the researcher to use the whole population in the survey.

This approach according to Adinyira, Fugar and Osei-Asibey (2011: 28) helps in eliminating sampling errors from the study since the whole population is used. Babbie and Mouton (2005: 232) state that survey research is one of the best methods used in collecting data where the objective is to reach a larger portion of the society which would have been difficult to observe directly or the use of other methods.

David and Sutton (2004: 159) classify survey research into mail survey and structured interview. The mail survey was used through the administration of questionnaires to the chairpersons of the 66 housing co-operatives identified from the list (the researcher had to sieve through the list containing all the registered co-operatives for the registered housing co-operatives) obtained from the Registrar of Co-operatives Office at the Department of Trade and Industry due to the following advantages put forward by several authors: Fowler (2002: 73); David and Sutton (2004: 159-160); Cohen, Manion and Morrison (2005: 171); Marczyk, DeMatteo and Festinger (2005: 154); Blaxter, Hughes and Tight (2006: 79) and Bless and Higson-Smith (cited by van Wyk, 2009: 250).

- Large number of people could be reached within a limited time;
- It is economical and efficient;
- It is difficult to influence the respondents;
- The questions are standardised;
- It is possible to repeat the survey in the future;
- Respondents have time to organise their thoughts before filling the questionnaires; and
- Easier to collect questions on matters that are considered sensitive.

In spite of the above advantages, the following disadvantages could still be found in survey research as stated by Fowler (2002: 73); David and Sutton (2004: 159-160); Blaxter *et al*

(2006: 79); Bless and Higson-Smith (cited by van Wyk, 2009: 250) and Sekaran and Bougie (2009: 197):

- Prevalence of low response rate;
- The understanding of the respondents about the subject matter is difficult to determine by the researcher;
- The survey method relies more on breadth than depth;
- Respondents doubt on the questionnaires cannot be clarified;
- The researcher has no control over how the questionnaires are completed; and
- There is the need to have good mailing addresses.

The multi-case study method adopted off-set some of the disadvantages highlighted above. Disadvantages such as relying more on breadth than depth, difficulty in classifying respondents doubt and the researcher not having control over how the questionnaires were completed were off-set by the multi-case study method.

The research instruments (questionnaire for the chairpersons, questionnaire for the members and interview schedule to the chairpersons of six housing co-operatives interviewed) were pilot tested in accordance to Collis and Hussey (2003: 175); Leedy and Ormrod (2005: 152 & 192); Babbie and Mouton (2005: 244-245); Hoxley (2008: 125) and Gill and Johnson (2010: 144) suggestions. The instruments were reviewed with the Promoter several times before the pilot study with three other people; a PhD candidate, an expert in co-operative housing and an expert in co-operatives. The suggestions of these people were incorporated in the final instruments before the first set of questionnaires were sent out.

Administering questionnaires to the chairpersons of the 66 housing co-operatives identified as indicated under section 1.3 was borne out of the fact that the chairpersons were better

positioned due to the nature of some of the questions asked. The first set of mail to the 66 housing co-operatives were sent on 10th and 11th of May 2011, self addressed envelopes were included. The whole population was surveyed because of the size as suggested by Leedy and Ormrod (2005: 207). In order to increase the response rate, the suggestions advanced by Babbie and Mouton (2005: 260-261), Blaxter *et al* (2006: 185), Hoxley (2008: 126) and Sekaran and Bougie (2009: 198) were followed. These included calling some of the respondents whose telephone numbers the researcher had, sending short messaging service (SMS) to these same people and sending another round of questionnaires. Hence, on 27th of June 2011, a second set of survey was conducted; mails were sent to the housing co-operatives that have not responded to the first mail. Self addressed envelopes were also included. Appendix A contains a sample of the questionnaires posted to the chairpersons of the 66 housing co-operatives surveyed.

4.6.2 *The case study*

In the second stage of the study, the case study method was used. Gummesson (2007: 87) defines a case study research as one where cases from real life are used as empirical data for research, especially when knowledge of an area is sparse or missing. Yin (2009: 13) states that a case study is used when a “how” or “why” question is being asked about a contemporary set of events over which the investigator has little or no control, and the boundaries between phenomenon and context are not clearly evident. Case study, according to Meyer (2001: 329), entails a detailed study of one or more organisations with a view to determining the context and processes of the phenomenon under study. It involves gathering information about the unit of analysis in order to obtain an in-depth knowledge about the research area (Collis & Hussey, 2003: 68). A unit of analysis according to Collis and Hussey (2003: 68) refers to the phenomenon under study, about which data is collected and analysed.

Stake (cited by Hesse-Biber & Leavy, 2011: 258) identifies three basic types of case studies as highlighted below:

- Intrinsic case study which is used to understand a case holistically;
- Instrumental case study which is used to provide an understanding about a larger topic;
- Multiple-case study which involves studying multiple cases in a population from which the cases are drawn that share a commonality (Hesse-Biber & Leavy, 2011: 274). This research is based on this last type of case study. Multiple-case studies according to Yin (2009: 59) are the selection of two or more cases that are assumed to be similar in order to give rise to literal replications (case studies that predict similar results, Yin, 2009: 54).

Yin (2009: 101) identifies six sources of data collection methods that are normally used when conducting case study as stated below:

- Documentation;
- Archival records;
- Direct observations;
- Participant-observation;
- Physical artefacts; and
- Interviews.

For the purpose of this study, the interview method was adopted, hence it is the only method described below.

- *The interview sessions*

Interviews, according to Willis (2007: 244) and Hesse-Biber and Leavy (2011: 94), are concerned with a conversation between the researcher (interviewer) and the interviewee which requires

the asking of questions and listening by the interviewer. The widespread use of the interview method, as stated by Haigh (2008: 111) may be connected to its flexibility as it ranges from the structured to the open ended interviews. Haigh (2008) emphasises the need for the interviewer to strike a bond with the interviewee in order to be able to collect detailed and valid data.

Willis (2007: 245) and Hesse-Biber and Leavy (2011: 102-103) categorise interviews into the following:

- Structured interviews;
- Semi structured interviews; and
- Open ended interviews.

Structured interviews, according to Haigh (2008: 113), involve the interviewer asking the interviewee a list of predetermined questions, hence, the same questions are asked from all the people that will be interviewed. This approach enhances the reliability of the results and the conclusions that will be reached, due to the standardisation of questions asked (Haigh, 2008: 113). In a related development, Hesse-Biber and Leavy (2011: 102) are of the opinion that standardising the interviews ensures comparisons to be made between the interviewees. As a result of the above reasons, as advanced by Haigh (2008) and Hesse-Biber and Leavy (2011: 102), the approach adopted for the interview sessions was the structured interview with both closed and open ended questions asked from the interviewees. Appendix B contains a sample of the interview guide.

Haigh (2008: 114) highlights the strengths in the use of structured interview as shown below:

- It is easy to replicate the study;
- The data sourced is more reliable due to the consistent questions asked from all the interviewees;
- The data obtained can easily be analysed; and

- It allows the interviewer to re-frame or explain questions that the respondent has problem in understanding.

The weaknesses of this method, as stated by Haigh (2008: 114) are:

- It makes it difficult for the interviewees to express themselves freely; and
- There is a level of uncertainty whether the right questions are being asked.

4.6.3 *Sampling and Sample Interviewed*

In determining the number of housing co-operatives to be interviewed, purposive sampling was used. This sampling technique is a non-probability sampling procedure which is usually used in qualitative research that has to do with selecting the people to be interviewed based on the interviewer's knowledge on the appropriateness and typicality of the sample selected (David & Sutton, 2004: 152; Cohen *et al*, 2005: 103; Teddlie & Yu, 2007: 77). Eisenhardt (cited by Meyer, 2001: 333) states that the logic of the sampling is different from statistical sampling because the idea is to select cases that are replicable or be able to further the emergent theory. Yin (2009: 54) suggests that 2 or 3 cases could be selected for literal replication whereas 4 to 6 cases can be used to study theoretical replication (predicting contrasting results).

Initially, 6 cases were selected from the housing co-operatives in Johannesburg for this study based on the following parameters:

- Due to the large concentration of housing co-operatives in Johannesburg; there were twenty-nine housing co-operatives identified based on the list from the Registrar of Co-operatives Office;
- The cosmopolitan nature of the city that makes the poor with limited or inadequate housing to continue to migrate there in search of opportunities. It is the belief of the

National Government that co-operative housing could be explored to solve the housing problem of this group of people (NDoH, 2009: 11); and

- The selection of housing co-operatives that have been in business of providing housing for their members for more than 3 years. It was the belief of the researcher that this set of housing co-operatives will provide more insightful information as distinct from those that have just started out in housing co-operatives.

However, the chairpersons of 5 housing co-operatives were interviewed, due to the fact that one of the housing co-operatives identified requested for an interpreter. The researcher decided not to interview this chairperson because of fear of misinterpretation or inadequate interpretation from the interpreter. The first interview was conducted on 26 May 2011 which lasted for 30 minutes and it was recorded and notes also taken. The permission of the interviewee was sought before recording the interview.

The second interview took place on 29 May 2011. It was difficult to interview the other 4 chairpersons individually because the convenient time for them was before their provincial meeting. Hence, it was facilitated for the researcher to meet with the 4 chairpersons under the circumstance mentioned earlier. As a result of this, it was necessary to change the format of interviewing adopted in the first interview to group interviewing. In this approach, the researcher asked questions based on the research guide, while the chairpersons answered them in the interview guide given to each of them based on the peculiarity of their respective housing co-operatives. There was no need to sound record this session, since each individual housing co-operative was doing the writing and enough time was usually given for all those present to complete a particular question before the researcher moved to the next one. This session lasted for 2 hours and 25 minutes.

Finally, another housing co-operative, based in the North West Province, accepted the duty to complete the interview guide which was sent to the chairperson of the housing co-operative via e-mail and was completed and returned on 8 September 2011. This does not fall within the parameters set above but the information garnered enriched the data collected. What gave rise to this was the fact that some of the members of this housing co-operative completed the questionnaires administered in the third stage of the research described below. In all, a total of 6 chairpersons of housing co-operatives participated in the interviews.

4.6.4 Triangulation

The third stage in the study was also carried out by means of a survey, but the members of the housing co-operatives that were interviewed formed the object of analysis. Questionnaires were sent to the members of the housing co-operatives interviewed, through their chairpersons as the gatekeepers in this situation. The non probability convenience sampling method was adopted; this is a sampling method, according to Teddlie and Yu (2007: 78) and Collins, Onwuegbuzie and Jiao (2007: 272), that involves choosing from a sample that is not only accessible but the respondents are willing to take part in the study. The number of questionnaires sent to each housing co-operative was determined by the chairperson of such housing co-operative and was not a function of the number of members in the housing co-operative. A total of 110 questionnaires were sent on 26 and 29 May 2011 being the dates that the interviews were conducted. Self addressed envelopes were included to facilitate easy return of completed questionnaires. The sixth chairperson that responded to the interview guide also administered the questionnaires to the members of their housing co-operative. This was done via e-mail.

The essence of this last stage was to triangulate the results obtained from the part of the questionnaires (the questions on sustainable strategies) responded to by the chairpersons of the

housing co-operatives and also from the interview sessions (the part on leadership). Triangulation, according to Cohen *et al* (2005: 112), is the use of more than one method during the data collection process, studying a problem from more than one perspective, which enhances validity. In a related development, Niglas (cited Molina-Azorin, 2011: 9) observes that, using different methods during data collection in a study where results provide similar output by way of confirmation, the researcher can be more confident of the validity of the results.

In order to increase the response rate, reminders such as telephonic calls, sending SMS and sending e-mails were done to the six housing co-operatives chairpersons. Appendix C contains the questionnaire used for the members.

4.7 Research Ethics, Validity, Reliability and Generalisation

Ethical issues in research, according to Saunders *et al* (cited by Sutrisna, 2009: 56), concern the relevance of the behaviour of the researcher in relation to the rights of the respondents. It is one of the things to be considered in research as it determines the level of credibility that a given research will be accorded, based on the resulting findings. To this end, the ethical issues highlighted by Leedy and Ormrod (2005: 101) and Mitchell and Jolley (2010: 52) guided the researcher throughout the duration of the study. Ethical issues such as informed consent, right to privacy and honesty were taken seriously.

Validity, according to Robson (cited by Sutrisna, 2009: 55-56), refers to whether the identified inputs within their attributes actually produce the expected output, and beyond this, to know the extent to which the research findings can be generalised beyond the setting in which the research took place to the entire population. Blaxter *et al* (2006: 221) state that validity has to

do with whether the researcher's methods, approaches and techniques actually relate to, or measure the issues the researcher have been exploring. Validity according to David and Sutton (2004: 173) is determined by how representative the sample is and the size of the sample from which the findings are derived. The research was designed to reflect the above issues as raised by David and Sutton (2004: 173); Blaxter *et al* (2006: 221) and Robson (cited by Sutrisna, 2009: 55-56). The low response rate achieved from the questionnaires sent to the chairpersons of all the housing co-operatives identified, does not limit the inference that was drawn, since the whole population was used and as such, the issue of the sample not being representative, does not arise (Creswell and Clark, 2011: 211).

Reliability refers to the consistency of results obtained in the research, and it includes how well the researcher carry out the research that will make it possible for other researchers to replicate the research and come up with the same results under similar circumstances (Amaratunga *et al*, 2002: 29; Blaxter, *et al* 2006: 221 & McNeill cited by Sutrisna, 2009: 56). Amaratunga *et al* (2002: 29) indicate that the basis for reliability is to reduce errors and biases in a research. Yin (2009: 45) states that the essence of reliability is to ensure that if another researcher follows the procedures highlighted by the researcher that carried out the initial research, both researchers should arrive at the same findings and conclusions. In a related development, Henning, Rensburg and Smit (2004: 151) observe that if all research steps are declared and documented, the research is potentially replicable by doing it all in the same way, in a similar setting and with similar participants. To achieve consistency in the study, especially in the interviews conducted, the structured interview format was adopted. This approach allowed for a greater degree of comparisons between interviews (Hesse-Biber & Leavy, 2011: 102).

Okolie (2011: 167) indicates that generalisation is the extent to which the findings and conclusions of research conducted on a population sample can be extended to the population. Okolie (2011) further stated that generalisation is based on the frequent occurrence of a phenomenon which when there is sufficient data to support the validation of a hypothesis, therefore, a basis exists to generalise the behaviour of such data in similar circumstances. This type of generalisation is what Yin (2009: 36) refers to as statistical generalisation because inference is made about the population based on the data collected from the sample selected. As stated earlier, the response rate does not limit the generalisation of the results from the survey. Lerise (cited by Nguluma, 2003: 79-80) however has a different idea of how generalisation is achieved in a research. Lerise (cited by Nguluma, 2003: 79-80) is of the opinion that research is carried out to produce knowledge that could become a course for action and when the findings from the research become a basis for action, Lerise (cited by Nguluma, 2003) concludes that the research has been generalised.

Hesse-Biber and Leavy (2011: 45) opine that due to the nature of case studies where the sampling frame is usually small, it is normally difficult to generalize as the aim is to look at a “process” or the “meanings” that individuals attribute to their given situation. Hence, Yin (2009: 38-39) advocates analytic generalisation where the theory developed earlier could be used as a basis for comparing the results obtained from the case study. Leonard-Barton (cited by Meyer, 2001: 347) suggests that generalisability can be increased in case study research by conducting multiple-case studies. Multiple-case study approach where interviews were conducted with 6 housing co-operatives’ chairpersons was adopted in this study.

In carrying out the case study, due to the typicality of the cases selected, the researcher aimed at transferability of the findings to other cases with similar circumstances to those studied (Gill & Johnson, 2010: 228).

4.8 Conclusion

In this study, the theoretical framework locating the study in a “triad” model developed by Develtere was expounded and what constituted research philosophy in the context of epistemology, ontology and axiology was explained. The various approaches such as survey using questionnaires and multi-case study using structured interview were described. The efforts made to increase the response rate were also highlighted. Have come this far, the next chapter reports on the analysis of the data collected from the field and subsequently drawing conclusions and making recommendations based on the conclusions reached.

CHAPTER FIVE

DATA PRESENTATION AND ANALYSIS

5.0 Introduction

As stated in section 4.6, the study is a single phase three-stage research and as such the data presentation and analysis followed the same format, in other words, the data on questionnaires administered to the chairpersons of the sixty-six housing co-operatives are first presented and analysed. These are followed by the data from the interview sessions had with the chairpersons of the 6 housing co-operatives. Finally, the data from the questionnaires administered to the members of the housing co-operatives are presented and analysed.

5.1 Data Presentation and Analysis of Questionnaires from the Housing Co-operatives Chairpersons

The first set of the questionnaires was sent to the 66 chairpersons of the housing co-operatives identified from the list obtained from CIPRO on 10th-11th May 2011. Fourteen (14) of the questionnaires were completed and returned; fifteen (15) of the questionnaires were returned but not completed based on the following: unknown address (11), box closed (3) and unclaimed (1).

On 27th June 2011, a second set of 52 questionnaires was dispatched to the housing co-operatives that were not reached and that did not respond in the first survey. However, house addresses were used for those housing co-operatives whose boxes were closed and the one that was unclaimed. As for those 11 housing co-operatives with unknown addresses, nine (9) of them were tracked down through a third party that delivered the questionnaires to the secretary of the housing co-operatives in the town where the 9 housing co-operatives were located. The secretary in turn delivered the questionnaires to the chairpersons of the 9 housing co-

operatives. Unfortunately, out of these 9, none of the questionnaires was returned after repeated phone calls and SMS.

The second set of 52 questionnaires yielded 3 responses: one questionnaire was completed and returned, and the other two responses gave reasons why the questionnaires could not be completed. The reasons advanced by the housing co-operatives are highlighted below:

“We have received your letter and questionnaire addressed to the Terrace Road Housing Co-op. This Co-op was one of the Cope Housing projects but was never completed; there was therefore never any member (Carel de Wit, Operations Manager, Johannesburg Housing Company).”

“A copy of your questionnaire was received, the first one was never delivered may be due to change of address. Housing project was a failure due to so many problems the committee encountered. Housing Department failed to help us since the project was in the rural area. After so much time and money we spent trying most government offices for help, we then stopped (D.D Mbhele, Chairperson, Sethebene Housing & Community Development).”

After 4 months (10th May-9th September 2011) of sending the first set of questionnaires, the analysis of data commenced. Table 4.1 below indicates the number of questionnaires administered and the response rate.

TABLE 5.1: QUESTIONNAIRES ADMINISTERED AND THE RESPONSE RATE

Questionnaires administered	Number returned	Response rate
66	15	22.7%

Apart from the two housing co-operatives mentioned above that responded that their housing co-operatives had been dissolved, there is a possibility that there may still be other housing co-operatives in the same situation as those highlighted above. Better still, some may be in the same situation as the Rainbow Housing Co-operative that was established in 1996 and as at 2009, the housing co-operative has not been able to realise its dream of providing houses for its members (DAG, 2009: 67 & 71). The response rate of 22.7% may be connected with the reasons adduced above, however, it is still representative because of the consensus of the respondents in the questionnaires returned, as shown in the subsequent sections. This consensus

is an indication of a saturation point; hence further responses would not alter the analyses substantially. Based on this, the response rate is assumed to be sufficient for the analyses that were carried out.

5.1.1 Demographic data of respondents

Information such as the years of experience, highest qualification obtained and age group of the respondents were solicited.

TABLE 5.2: YEARS OF EXPERIENCE OF THE RESPONDENTS

Actual number of responses	Mean of the years of experience
12	8.3

The mean of the years of experience is 8.3 years with 1 as the minimum and 17 as the maximum number of years. It is an indication that on the average, the respondents were experienced and to that extent, they are familiar with the areas the questionnaire covered; hence their responses were deemed reliable.

TABLE 5.3: AGE GROUP OF RESPONDENTS

Age group	15-25 years	26-35 years	36-45 years	46-55 years	>55 years
Percentage	-	14.3	14.3	42.9	28.6
No of responses	14				

The table above shows the percentage age group of the respondents. All the respondents have their ages above 25 years. This is an indication of their level of maturity and to this extent, it can be concluded that the respondents were sufficiently experienced in responding to the questionnaires.

TABLE 5.4: HIGHEST QUALIFICATION OF RESPONDENTS

Qualification	Matriculation	Diploma	Bachelor degree	Others
Percentage	35.7	42.9	7.1	28.6
No of responses	14			

From the above table, 35.7% of the respondents had matriculation, 42.9% had a diploma, 7.1% had a bachelor degree and the remaining (28.6%) respondents had other qualifications not indicated in the questionnaire. Respondents with matriculation and diploma qualifications dominated (78.6%). It will not be out of place to infer that this is an indication of the people that constitute the housing co-operatives that are available in South Africa. The reason for this may stem from one of the requirements to be met before any housing co-operative qualifies for an institutional subsidy under the government housing subsidy programme. It is expected that the joint income household should not be greater than R3500 hence people with higher income and possibly with qualifications such as Masters Degree and Doctor of Philosophy will not be found among members of co-operatives, except where downward raiding occurs.

TABLE 5.5: MEMBERSHIP IN TERMS OF RACE

Race	Africans	Coloureds	Indians	Whites
Percentage	99.4	0.6	-	-
No of responses	8			

Table 5.5 above shows that 99.4% of the members in the responding housing co-operatives were African while Coloured formed 0.6% of the members.

TABLE 5.6: CATEGORIES OF EMPLOYEES

Category	Full time	Volunteerism	Full time & volunteer
Percentage	25	62.5	12.5
No of responses	8		

From Table 5.6 above, 62.5% of the housing co-operatives have employees that were working as volunteers, 25% of the housing co-operatives have full time employees and 12.5% of housing co-operatives have full time employees and volunteers.

5.1.2 Analysis of the main part of the questionnaire

This covers the analysis of the main questions asked in the questionnaire ranging from opinion questions to questions about what is obtainable in the housing co-operatives surveyed. According to Morenikeji (2006: 126), respondents' opinions are sometimes difficult to capture; 'yes' or 'no' response will not be adequate. To solve this problem, David and Sutton (2004: 167) and Morenikeji (2006: 126-129) state that scaling methods such as Likert and semantic differential scales can be used in structuring the questionnaire. A five-point Likert scale was used in most of the questions. In order to interpret the mean scores from the Likert scale, Morenikeji (2006: 128) devises the following cut-off points:

- 1-1.50 = Strongly disagree;
- 1.51-2.49 = Disagree;
- 2.50-3.49 = Unsure;
- 3.50-4.49 = Agree and
- > or = 4.50 = Strongly agree.

The respondents' responses were synthesised for a better understanding of the research problem.

TABLE 5.7: PERCENTAGE CONTRIBUTION OF MEMBERS AS SHARES

Interval	Number	R0-R500	R501-1000	R1001-1500	>R1500
When joining	13		23.1	7.7	69.2
Monthly	11	27.3	36.4	18.2	18.2
Quarterly	1	100			
Annually	1	100			

The table shows the percentage contribution of members as shares at various intervals ranging from when joining the housing co-operative to the annual contribution. It shows that when joining the housing co-operatives, 23.1% of the housing co-operatives pay between R501-1000, 7.7% pay between R1001-1500 and 69.2% of the housing co-operatives pay more than R1500.

To meet up with this requirement, housing co-operatives usually have savings accounts in which members are expected to contribute. Although respondents indicated that they also make monthly contribution as shares, this may be their rental contribution construed as shares, because of the amount of money involved.

TABLE 5.8: PERCENTAGE CONTRIBUTION OF MEMBERS AS MEMBERSHIP FEE

Interval	Number	R0-250	R251-500
When joining	3	100	
Monthly	2	50	50

Three of the respondents stated that members were expected to contribute between R0-250 when joining the housing co-operative while two other respondents indicated that their members contribute between R0-500. This monthly contribution may be an indication that the two housing co-operatives do not have houses yet for their members hence the need to make the monthly contribution.

TABLE 5.9: PERCENTAGE CONTRIBUTION OF MEMBERS AS RENT

Rent	R0-500	R501-1000	R1001-1500	>R1500
Monthly	23.1	46.2	23.1	7.7
No of responses	13			

The above table is an indication of the affordability benefit that is usually credited to housing co-operatives the world over. Sixty-nine percent of the respondents show that the members pay between R0-1000 as rent on a monthly basis, 23.1% indicated that members pay between R1001-1500 and only 7.7% of the housing co-operatives pay more than R1500 as rent. CMHN and VNC (2004: 35) state that unlike tenants in rental housing, housing co-operative members have control over their houses, either through the direct management or a voice in management and can ensure that their monthly rents are not unduly increased. Davis (2006: 93) concludes that co-operative housing tenure arrangement may play a peripheral role in creating

affordability due to the subsidy from government, and that housing co-operatives play a major role in maintaining the affordability.

TABLE 5.10: FREQUENCY OF MEETINGS BY MEMBERS

Frequency	Monthly	Quarterly	When necessary
Percentage	50	7.1	42.9
No of responses	14		

From Table 5.10, 50% of the respondents indicated that their housing co-operatives hold general meetings on a monthly basis, 7.1% on a quarterly basis and 42.9% hold general meetings when necessary. Holding general meetings on a quarterly basis may still be acceptable but not to have a time frame for holding general meetings may create a sense of complacency on the part of the members and this may result in less members attending general meetings when eventually called to do so. Holding meetings on a monthly basis creates a sense of duty and commitment for members and by extension an increased level of participation in the activities of the housing co-operative. Quarterly general meetings may be acceptable in housing co-operatives where major decisions are usually taking by the Board; hence the need to meet on a monthly basis may not arise.

TABLE 5.11: MEANS OF COMMUNICATION TO MEMBERS IN PERCENTAGE

Method	Valid number	Effectiveness in percentage			
		Rarely	Sometimes	Effective	Very effective
Verbal	5	10	20	40	20
Written letter	5			80	20
Telephonic	3			33.3	66.7
Notice board	10		10	40	50
Newsletters	3			66.7	33.3
e-mails	2			50	50

Table 5.11 indicates the various methods adopted by the housing co-operatives in reaching their members and the level of effectiveness of the methods. The table shows that 10 of the respondents usually post information on notice boards to reach their members. Forty percent of

the respondents considered this method effective while 50% considered it as a very effective mode of communication. This may be so in housing co-operatives with large membership base. The table shows that 80% of the respondents indicated that writing letters to members was effective while 20% of the respondents showed that it was very effective. From all indications, the membership base of any housing co-operative determines to a large extent the method of communication to be adopted. All four methods, namely written letters, telephonic conversation, newsletter and e-mails were regarded as either effective or very effective.

TABLE 5.12: FREQUENCY OF MEETINGS BY BOARD MEMBERS

Frequency	Monthly	Every 6 months	When necessary	Other
Percentage	28.6	7.1	57.1	7.1
No of responses	14			

From the above table, 28.6% of the respondents indicated that their housing co-operatives Board members hold meetings on a monthly basis, 7.1% every six months, 57.1% when necessary and 7.1% others. It is possible to argue that because of the number that usually constitutes the Board, having meetings when necessary may be sufficient, since the members can easily be brought together on a short notice. No matter the argument, for members to exhibit commitment, time frame for holding meetings should always be spelt out.

TABLE 5.13: MEANS OF COMMUNICATION TO BOARD MEMBERS IN PERCENTAGE

Method	Valid number	Effectiveness in percentage				
		Not	Rarely	Sometimes	Effective	Very effective
Verbal	6				66.7	33.3
Letters	1		100			
Telephonic	13			7.7	30.8	61.5
Notice board	2	50		50		
Newsletters	1	100				
e-mails	4			25	50	25

From Table 5.13 above, verbal, telephonic and e-mails (where available) are the methods of communication considered by the respondents as being either effective or very effective. The reason for this may be connected with the usual size of board membership. It is easier to reach members with minimal effort, namely telephonically.

TABLE 5.14: OPINION OF RESPONDENTS ON HOUSING ACT 107 OF 1997

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	42.9	7.1	28.6	21.4	-
Mean score	2.3				
No of responses	14				

The respondents were asked to rate the statement that the Housing Act 107 of 1997 supports the growth of housing co-operatives in South Africa. The mean score of 2.3 relative to the question can be deemed to disagree with the question because it falls between 1.51 and 2.49 devised by Morenikeji (2006: 128). The inference may be that if the piece of legislation actually supports the growth of housing co-operatives, the subsector would have risen above its present level.

TABLE 5.15: OPINION OF THE RESPONDENTS ON THE 2009 HOUSING CODE

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	35.7	35.7	21.4	7.1	-
Mean score	2.0				
No of responses	14				

The mean score of 2.0 in Table 5.15 relative to the statement that the 2009 Housing Code also supports the growth of housing co-operatives can be deemed to disagree with the statement. The Social Housing Policy contained in the Code does not have guidelines for housing co-operatives to be registered as Social Housing Institutions (SHIs) and as such, the housing co-operatives have not been able to access the social housing grant meant for accredited SHIs. The

grounds for disagreement may be as a result of the fact that housing co-operatives cannot be accommodated in the framework drawn up for the SHIs due to their form of ownership.

TABLE 5.16: COMMITMENT OF GOVERNMENT TO HOUSING CO-OPERATIVES

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	-	69.2	30.8
Mean score	4.3				
No of responses	13				

The respondents agree that the National Government lacks commitment to develop the co-operative housing subsector. This is evident from the mean score of 4.3 in Table 5.16 above.

TABLE 5.17: FORMULATION OF HOUSING LEGISLATION

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	7.1	7.1	-	64.3	21.4
Mean score	4.0				
No of responses	14				

The respondents agree with a mean score of 4.0 that housing co-operatives were not consulted in the formulation of housing legislation. This is in consonance with Baumann (2003: 104) asserting that South Africa's housing policy and delivery systems are usually formulated and implemented by people who have no direct bearing on the results expected and that only few developmental policies are based on the inputs of those that are expected to benefit from such policies.

TABLE 5.18: SUPPORT FROM THE SOCIAL HOUSING ACT 16 OF 2008

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	20	40	13.3	20	6.7
Mean score	2.5				
No of responses	15				

From Table 5.18 above, the mean score of 2.5 relative to the statement that the Social Housing Act 16 of 2008 supports the growth of housing co-operatives is deemed to be unsure by the respondents.

TABLE 5.19: PROVISION OF FEEDBACK ON HOUSING ACTIVITIES

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	-	93.3	6.7
Mean score	4.1				
No of responses	15				

The mean score of 4.1 relative to the statement that feedback is not provided to the Department of Human Settlements on legislation is deemed to agree with the statement. Hence, the consensus opinion is 'agree'.

TABLE 5.20: MONITORING OF HOUSING CO-OPERATIVES

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	13.3	6.7	-	20	60
Mean score	4.1				
No of responses	15				

The respondents agree (mean score of 4.1) that the activities of the housing co-operatives are not being monitored by the government.

TABLE 5.21: GUIDELINES FOR THE REGISTRATION OF SOCIAL HOUSING INSTITUTIONS

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	60	13.3	-	13.3	13.3
Mean score	2.2				
No of responses	15				

The mean score of 2.2 in Table 5.21 above relative to the statement that the guidelines for the registration of SHIs are beneficial to the housing co-operatives can be deemed by the respondents to disagree, since the mean score is between 1.51 and 2.49. Non-existent guidelines cannot be said to be beneficial to the housing co-operatives.

TABLE 5.22: LEVEL OF PARTICIPATION IN SAHCA ACTIVITIES

Scale	No extent	Little extent	Unsure	High extent	Very high extent
Percentage	13.3	13.3	-	6.7	66.7
Mean score	4.0				
No of responses	15				

The level of participation of housing co-operatives in South Africa Housing Co-operatives Association (SAHCA) activities can be deemed by the respondents to be to a high extent with mean score of 4.0. This may be connected with the fact that majority of the respondents are based in Johannesburg, which is the administrative base of SAHCA.

TABLE 5.23: LEVEL OF PARTICIPATION IN SAHCA TRAINING

Scale	No extent	Little extent	Unsure	High extent	Very high extent
Percentage	20	13.3	6.7	-	60
Mean score	3.7				
No of responses	15				

The mean score of 3.7 from Table 5.23 above indicates that the respondents' participation in SAHCA training can be deemed to be to a high extent.

TABLE 5.24: GETTING ADVICE FROM SAHCA

Scale	No extent	Little extent	Unsure	High extent	Very high extent
Percentage	20	-	-	-	73.3
Mean score	4.1				
No of responses	15				

The respondents housing co-operatives getting advice from SAHCA can be deemed to be to a high extent with a mean score of 4.1. The reason for this may be the same as the one advanced under Table 5.22 above.

TABLE 5.25: FINANCIAL CONTRIBUTION TO SAHCA

Scale	No extent	Little extent	Unsure	High extent	Very high extent
Percentage	35.7	-	-	7.1	57.1
Mean score	3.5				
No of responses	14				

The mean score of 3.5 relative to the financial contribution of housing co-operatives to SAHCA can be deemed by the respondents to be to a high extent. SAHCA, being an NGO, needs the financial support of all the housing co-operatives to be able to carry out its primary goal of advocacy; hence, it becomes imperative for the housing co-operatives to ensure that SAHCA is financially sustained.

TABLE 5.26: BENEFIT FROM SAHCA TRAINING

Scale	No benefit	Little benefit	Unsure	High benefit	Very high benefit
Percentage	28.6	7.1	-	7.1	57.1
Mean score	3.6				
No of responses	14				

The mean score of 3.6 relative to the training delivered by SAHCA can be deemed by the respondents to be of high benefit to the housing co-operatives. Apart from being a pressure group, SAHCA also provides training to housing co-operatives in the area of leadership so that the members elected to lead can have a better understanding of the principles behind co-operatives.

TABLE 5.27: BENEFIT FROM SEDA TRAINING

Scale	No benefit	Little benefit	Unsure	High benefit	Very high benefit
Percentage	92.9	7.1	-	-	-
Mean score	1.1				
No of responses	14				

The training delivered by the Small Enterprises Development Agency (SEDA) can be deemed by the respondents to be of no benefit to the housing co-operatives due to the mean score of 1.1. There are two issues involved, it is one thing to benefit from the training and it is another for the training to be relevant to housing co-operatives. Based on one of the interviews conducted by the researcher, it was discovered that the nature of the training does not have any relevance to housing co-operatives and as such, it does not impact positively on how well the housing co-operatives are governed.

TABLE 5.28: BENEFIT FROM SHF TRAINING

Scale	No benefit	Little benefit	Unsure	High benefit	Very high benefit
Percentage	86.7	-	-	6.7	6.7
Mean score	1.5				
No of responses	15				

The mean score of 1.5 indicates that the housing co-operatives do not benefit from the training of the Social Housing Foundation (SHF) because they were not exposed to the training. The nature of the training in SHF would have benefitted the housing co-operatives if they were trained, as the body is specifically established to advance social housing objectives in South Africa.

TABLE 5.29: EFFECT OF QUALIFICATION ON THE HOUSING CO-OPERATIVE

Scale	No benefit	Little benefit	Unsure	High benefit	Very high benefit
Percentage	7.1	-	14.3	14.3	64.3
Mean score	4.3				
No of responses	14				

The question on how the educational qualifications of the respondents have been brought to bear on their various housing co-operatives was asked. The mean score of 4.3 relative to this question can be deemed by the respondents to be of high benefit to their various housing co-operatives. The implication of this is that educational qualifications go a long way in shaping the development and growth of housing co-operatives. The outcome of stage three of this research showed that only 5.3% of the members surveyed were employed in the public sector. This is an indication that the vast majority of those employed in the public sector are not using the co-operative housing approach; hence, it can be argued that members of the housing co-operatives will have fewer people with high educational qualifications such as Masters Degrees. The reason for this may be found in one of the requirements to be fulfilled before accessing the institutional housing subsidy of government which all the housing co-operatives relied on in order to provide houses for their members.

TABLE 5.30: SUPPORT FROM SAHCA

Scale	No benefit	Little benefit	Unsure	High benefit	Very high benefit
Percentage	28.6	7.1	-	14.3	50
Mean score	3.5				
No of responses	14				

From Table 5.30 above, the mean score of 3.5 can be deemed to be of high benefit to the housing co-operatives relative to the continuous support received from SAHCA.

TABLE 5.31: SUPPORT FROM SHF

Scale	No benefit	Little benefit	Unsure	High benefit	Very high benefit
Percentage	85.7	-	-	7.1	7.1
Mean score	1.5				
No of responses	14				

The mean score of 1.5 is an indication that the consensus opinions of the respondents is that the housing co-operatives are not being supported by SHF and can be deemed to be of no benefit.

TABLE 5.32: SUPPORT FROM THE MUNICIPALITY

Scale	No benefit	Little benefit	Unsure	High benefit	Very high benefit
Percentage	92.9	7.1	-	-	-
Mean score	1.1				
No of responses	14				

The mean score of 1.1 relative to the support received from the municipalities by the housing co-operatives can be deemed by the respondents to be of no benefit. This may explain the reason why most housing co-operatives are finding it difficult to grow, due to the lack of support from the Municipal Government.

TABLE 5.33: EFFECT OF THE QUALIFICATION OF THE PERSON IN-CHARGE OF FINANCE

Scale	No benefit	Little benefit	Unsure	High benefit	Very high benefit
Percentage	16.7	8.3	-	25	50
Mean score	3.8				
No of responses	12				

The mean score of 3.8 relative to the qualification of the person in-charge of finance can be deemed by the respondents to be of high benefit to the housing co-operatives. The reason for

this cannot be overemphasised; since co-operatives are business enterprises, to avoid collapse, finance is one of the key areas that should be administered with high degree of integrity.

TABLE 5.34: INTEREST RATE

Scale	No effect	Little effect	Unsure	High effect	Very high effect
Percentage	-	14.3	14.3	7.1	64.3
Mean score	4.2				
No of responses	14				

The mean score of 4.2 relative to the effect of interest rate on housing co-operatives can be deemed by the respondents to be of high effect as shown in Table 5.34. Bank financing according to Cohn (2002: 23) presents two impediments; banks are reluctant to loan a significant amount of money in the absence of collateral and high interest rates charged on commercial loans, in the range of 25%-35% is quite common.

TABLE 5.35: STRINGENT FINANCIAL CONDITIONS

Scale	No effect	Little effect	Unsure	High effect	Very high effect
Percentage	-	-	7.1	21.4	71.4
Mean score	4.6				
No of responses	14				

The mean score of 4.6 relative to the stringent conditions put in place by financial institutions can be deemed by the respondents to be of very high effect on the housing co-operatives ability to access finance.

TABLE 5.36: REPAYMENT PERIOD

Scale	No effect	Little effect	Unsure	High effect	Very high effect
Percentage	-	7.1	14.3	14.3	64.3
Mean score	4.4				
No of responses	14				

Furthermore, unfavourable repayment period can be deemed by the respondents to have a high effect on the housing co-operatives as a result of the mean score of 4.4 obtained.

TABLE 5.37: DIFFICULTY IN ACCESSING MORTGAGE LOANS

Scale	No effect	Little effect	Unsure	High effect	Very high effect
Percentage	7.7	-	7.7	7.7	76.9
Mean score	4.5				
No of responses	13				

The mean score of 4.5 relative to the unwillingness of banks to grant mortgage loans to housing co-operatives can be deemed by the respondents to have very high effect on housing co-operatives. The household income group of most housing co-operative members is in the bracket of those that, according to Cloete (2005: 97), cannot access conventional mortgage finance because they are informally employed and are in the low income group. The other group that are formally employed but are still in the low income group can still not access loan because of the way the mortgage is structured. This group of people are referred to as 'unbankable' or the 'grey gap' for mortgage purposes (Smit, 2003: 174 & Cloete, 2005: 97). Rust (2008: 23) states that evidence from South Africa based on the study by Finmark Trust showed that the mortgage instrument is not appropriate or in some cases not relevant for majority of people due to their limited affordability.

TABLE 5.38: DIFFICULTY IN ACCESSING NHFC LOANS

Scale	No effect	Little effect	Unsure	High effect	Very high effect
Percentage	7.1	-	14.3	7.1	71.4
Mean score	4.4				
No of responses	14				

The mean score of 4.4 relative to unwillingness of the National Housing Finance Corporation (NHFC) to provide loans to housing co-operatives can be deemed by the respondents to have

high effect on the activities of the housing co-operatives. Out of the six housing co-operatives interviewed by the researcher, only one has benefitted from NHFC loans.

TABLE 5.39: INTERFERENCE FROM DONOR AGENCY

Scale	No effect	Little effect	Unsure	High effect	Very high effect
Percentage	21.4	-	21.4	14.3	42.9
Mean score	3.6				
No of responses	14				

Undue interference from donor agency can be deemed to have high effect on housing co-operatives because of the mean score of 3.6 indicated in Table 5.39.

TABLE 5.40: LEVEL OF GOVERNMENT OFFICIALS AWARENESS

Level of awareness	No awareness	Little awareness	High awareness
Percentage	78.6	14.3	7.1
Mean score	1.4		
No of responses	14		

The mean score of 1.4 relative to the level of awareness of government officials in the application of co-operative housing approach can be deemed to have no awareness as far as the respondents were concerned. This is one of the major challenges identified in the literature as an impediment to the sustainability of housing co-operatives in South Africa.

TABLE 5.41: APPROVAL OF SUBSIDY

Scale	High negative effect	Negative effect	Unsure	Positive effect	High positive effect
Percentage	66.7	6.7	13.3	-	13.3
Mean score	1.9				
No of responses	15				

The mean score of 1.9 relative to the approval of subsidy by government can be deemed by the respondents to have a negative effect on the housing co-operatives. Benefitting from the government housing subsidy programme is not automatic because of the processes involved.

TABLE 5.42: APPROVAL OF LAND

Scale	High negative effect	Negative effect	Unsure	Positive effect	High positive effect
Percentage	73.3	20	-	-	6.7
Mean score	1.5				
No of responses	15				

The mean score of 1.5 relative to approval of land by government can be deemed to have a high negative effect on housing co-operatives in getting approval. As a result of the limited understanding of co-operative housing approach by the government officials, speedy approval of land becomes a challenge.

TABLE 5.43: ACCEPTING THE CO-OPERATIVE HOUSING APPROACH

Scale	High negative effect	Negative effect	Unsure	Positive effect	High positive effect
Percentage	66.7	6.7	-	20	6.7
Mean score	1.9				
No of responses	15				

On the question of accepting the co-operative housing approach by the officials of government, the respondents indicated that it has a negative effect on the housing co-operative; hence the mean score of 1.9 obtained in Table 5.43. It is difficult for the officials to accept the concept when they do not have an understanding of the workings of the approach.

TABLE 5.44: LEVEL OF AWARENESS OF THE PUBLIC

Level of awareness	No awareness	Little awareness	High awareness
Percentage	85.7	14.3	-
Mean score	1.1		
No of responses	14		

The mean score of 1.1 in Table 5.44 above indicates that the general public does not have any awareness of the co-operative housing approach. This may be as a result of limited information available to the public. The simple reason may be that houses are being provided by government for free, there is no point in exploring other delivery approaches. To this end, the Government, and most especially the Department of Human Settlements has not been doing enough to propagate the other delivery approaches, such as co-operative housing, to the public as another vehicle to achieve the same goal.

TABLE 5.45: MEMBERSHIP DRIVE

Scale	High negative effect	Negative effect	Unsure	Positive effect	High positive effect
Percentage	7.1	7.1	7.1	71.4	7.1
Mean score	3.6				
No of responses	14				

Table 5.45 above shows the level of awareness of the public in getting them to join housing co-operatives. The mean score of 3.6 relative to the membership drive of the housing co-operatives can be deemed by the respondents to be of positive effect. The implication is that in spite of the low level of public awareness, the housing co-operatives were able to draw the public into the various housing co-operatives.

TABLE 5.46: GETTING PEOPLE TO KEY INTO THE PROJECT

Scale	High negative effect	Negative effect	Unsure	Positive effect	High positive effect
Percentage	7.1	-	7.7	84.6	-
Mean score	3.7				
No of responses	13				

Interpreting the mean score of 3.7 from Table 5.46, it shows that the consensus among the respondents relative to getting people to key into housing co-operatives is of positive effect.

This is linked to the membership drive under Table 5.45 with mean score of 3.6; people have to believe in housing co-operatives to solve their housing problem before becoming members.

TABLE 5.47: NON PAYMENT OF MONTHLY CHARGES

Scale	High negative effect	Negative effect	Unsure	Positive effect	High positive effect
Percentage	15.4	76.9	7.7	-	-
Mean score	1.9				
No of responses	13				

The mean score of 1.9 relative to refusal to pay monthly charges by the members of housing co-operatives can be deemed by the respondents to be of negative effect to the smooth running of housing co-operatives, often resulting in eviction of defaulters. This is one of the major challenges facing housing co-operatives due to the public limited knowledge about the co-operative housing approach.

TABLE 5.48: ACCEPTANCE OF THE CO-OPERATIVE HOUSING APPROACH

Scale	High negative effect	Negative effect	Unsure	Positive effect	High positive effect
Percentage	7.1	7.1	71.4	14.3	-
Mean score	2.9				
No of responses	14				

Based on the mean score of 2.9, the respondents were unsure as to the acceptance of the co-operative housing approach by the public.

TABLE 5.49: IDENTIFICATION OF SUITABLE LAND

Scale	No difficulty	Little difficulty	Unsure	Difficulty	Great difficulty
Percentage	-	7.7	-	23.1	69.2
Mean score	4.5				
No of responses	13				

The mean score of 4.5 relative to identification of suitable land by the housing co-operatives can be deemed by the respondents to be of great difficulty to the housing co-operatives. According to Royston (2003: 234), the goal of sustainable human settlement development is being impeded by the inaccessibility of well located land and this drives people to the towns' fringes.

TABLE 5.50: OBTAINING WELL LOCATED LAND

Scale	No difficulty	Little difficulty	Unsure	Difficulty	Great difficulty
Percentage	-	-	-	8.3	91.7
Mean score	4.9				
No of responses	12				

The mean score of 4.9 relative to the ability of the housing co-operatives to obtain well located land can be deemed by the respondents to be of great difficulty. This is corroborated by Rust (2008: 13) that it is almost impossible for people in the low to moderate income groups to access a serviced, residential stand for ownership.

TABLE 5.51: REGISTRATION AND TRANSFER OF LAND

Scale	No difficulty	Little difficulty	Unsure	Difficulty	Great difficulty
Percentage	-	7.7	-	15.4	76.9
Mean score	4.6				
No of responses	13				

Table 5.51 above indicates a mean score of 4.6 on the administration and procedures involved in the registration and transfer of land to housing co-operatives. This can be deemed by the respondents to be of great difficulty to the housing co-operatives.

TABLE 5.52: LAND APPROVAL PROCESS

Scale	No difficulty	Little difficulty	Unsure	Difficulty	Great difficulty
Percentage	-	-	-	15.4	84.6

Mean score	4.8
No of responses	13

The mean score of 4.8 relative to the lengthy land-use approval process can be deemed by the respondents to be of great difficulty to housing co-operatives in their quest to access land. Hofmeyr *et al* (cited by Royston, 2003: 241) and Rust (2006: 38) observe that evidence suggests that land approval process is delayed and problematic in most municipalities due to complex and cumbersome practices and slow approval procedures.

TABLE 5.53: METHOD OF REIMBURSING MEMBERS

Method	Yes (%)	No (%)
Value of share is paid back	8.3	91.7
Value of share and improvement made to the building is paid back	-	91.7
Only the value of improvement made to the building is paid back	-	91.7
Valid number	12	

From Table 5.53 above, 91.7% of the respondents claimed that:

- The value of the share was not paid back to a member who decided to leave any of the housing co-operatives;
- The value of the share and the improvement made to the building were not paid to a member that left any of the housing co-operatives and
- The value of the improvement made to the building was not paid back when a member left any of the housing co-operatives.

Based on the above statements, the majority of the housing co-operatives in South Africa are of the no equity-like type of housing co-operatives (collectively owned tenure) since nothing is given back to a member that leaves any of the housing co-operatives.

TABLE 5.54: TYPE OF TENURE ARRANGEMENT

Type of tenure	Percentage	Valid number
Individually owned	50	8

Collectively owned	50	
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Table 5.54 above shows that 50% of the respondents had collectively owned tenure arrangement. Also the other 50% were individually owned housing co-operatives. In Turkey, according to ICA (s.a.: 3-4)m, there are two types of housing co-operatives; the active and the non-active. The non-active housing co-operatives are those that are in the process of dissolving their housing co-operatives when construction of the houses had been completed so that individual members can take ownership of their respective housing units. In South Africa, NDOH (2009b: 13) indicates that transfer of houses to individual can only be done when the members of the housing co-operatives have collectively owned the houses for a minimum period of 4 years.

TABLE 5.55: MAINTENANCE OF COMMON SPACE

Common space	Percentage	Valid number
Organised by the Board	100	4

There was a general consensus as to how the maintenance of the common space was carried out in the housing co-operatives. The respondents indicated that common space was organised by the members of the Board and not by a property management company.

TABLE 5.56: COLLECTION OF FEES

Collection of fees	Percentage	Valid number
By finance committee	80	10
By property company	20	

From Table 5.56 above, 80% of the respondents stated that collections of fees were usually carried out by finance committee while 20% of the respondents affirmed that their finances were administered by a property management company (under trust account).

TABLE 5.57: BULK PURCHASE OF MATERIALS

Scale	No co-operation	Little co-operation	Unsure	High co-operation	Very high co-operation
Percentage	92.3	-	-	7.7	-
Mean score	1.2				
No of responses	13				

The mean score of 1.2 relative to the extent of participation of housing co-operatives to engage in bulk purchase of materials can be deemed by the respondents that there was no co-operation among the housing co-operatives. The implication is that housing co-operatives do not collaborate to purchase materials in bulk in order to reduce the cost of procurement.

TABLE 5.58: NETWORKING

Scale	No co-operation	Little co-operation	Unsure	High co-operation	Very high co-operation
Percentage	7.1	7.1	-	-	85.7
Mean score	4.5				
No of responses	14				

The mean score of 4.5 in Table 5.58 relative to housing co-operatives having a forum where issues concerning housing co-operatives are discussed can be deemed by the respondents to be of very high co-operation since the mean score is between 4.5 and 5.0.

TABLE 5.59: FORMATION OF HOUSING CO-OPERATIVES

Scale	No co-operation	Little co-operation	Unsure	High co-operation	Very high co-operation
Percentage	14.3	-	-	-	78.6
Mean score	4.4				
No of responses	14				

In a related development, the mean score of 4.4 relative to housing co-operatives given assistance in the formation of other housing co-operatives can be deemed by the respondents to

be of high co-operation. Even with the limited knowledge of housing co-operatives, efforts were still being made to establish other housing co-operatives.

TABLE 5.60: PROVISION OF MANAGEMENT ASSISTANCE

Scale	No co-operation	Little co-operation	Unsure	High co-operation	Very high co-operation
Percentage	30.8	-	-	15.4	53.8
Mean score	3.6				
No of responses	13				

The mean score of 3.6 in Table 5.60 is an indication that the respondents were deemed to have high co-operation to the level of managerial assistance given to other housing co-operatives.

TABLE 5.61: PROVISION OF FINANCIAL ASSISTANCE

Scale	No co-operation	Little co-operation	Unsure	High co-operation	Very high co-operation
Percentage	84.6	-	15.4	-	-
Mean score	1.3				
No of responses	13				

From the above Table, the mean score of 1.3 relative to the provision of financial assistance to other housing co-operatives can be deemed to be of no co-operation by the respondents.

TABLE 5.62: ESTABLISHMENT OF INSTITUTIONAL FRAMEWORK

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	-	35.7	64.3
Mean score	4.6				
No of responses	14				

The mean score of 4.6 relative to the variable that government should establish an institutional framework that allows rapid and efficient registration of housing co-operatives can be deemed

by the respondents to strongly agree. The respondents fully subscribe to this as one of the strategies that will ensure sustainability of the housing co-operatives.

TABLE 5.63: DEVELOPMENT OF HOUSING CO-OPERATIVES

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	-	14.3	85.7
Mean score	4.9				
No of responses	14				

The mean score of 4.9 relative to the statement that government should encourage the development of housing co-operatives can be deemed by the respondents to strongly agree. The respondents considered this as a strategy that will make housing co-operatives sustainable stemming from the high mean score of 4.9 obtained.

TABLE 5.64: AUTONOMY

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	-	7.1	92.9
Mean score	4.9				
No of responses	14				

One of the principles of co-operatives is that of being autonomous and independent from external control. The mean score of 4.9 relative to the strategy that government should respect the autonomous nature of housing co-operatives can be deemed by the respondents to strongly agree.

TABLE 5.65: TECHNICAL SKILLS DEVELOPMENT

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	-	21.4	78.6
Mean score	4.8				
No of responses	14				

The mean score of 4.8 relative to the statement that government should promote the development of technical skills of the members can be deemed by the respondents to strongly agree. To a large extent, this will enhance the opportunities of the members in the labour market when the members acquire relevant technical skills.

TABLE 5.66: INFORMATION DISSEMINATION

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	-	35.7	64.3
Mean score	4.6				
No of responses	14				

From the literature, both the government officials and the public do not have enough information on co-operative housing hence the approach has not received wider acceptability. The mean score of 4.6 relative to the statement that government should disseminate information on co-operative housing approach to the public can be deemed by the respondents to strongly agree.

TABLE 5.67: CONSULTATION WITH HOUSING CO-OPERATIVES

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	-	7.1	92.9
Mean score	4.9				
No of responses	14				

The mean score of 4.9 relative to the strategy that government should consult with the leadership of the housing co-operatives in the formulation of policies and legislation that are applicable to them can be deemed by the respondents to strongly agree.

TABLE 5.68: ACCESS TO SUPPORT SERVICES

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	7.1	21.4	71.4

Mean score	4.6
No of responses	14

The mean score of 4.6 relative to the statement that government should facilitate housing co-operatives to access support services such as human resources development programmes, access to finance and legal and taxation services can be deemed by the respondents to strongly agree.

TABLE 5.69: MANAGEMENT AND ORGANISATIONAL STRUCTURES

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	-	21.4	78.6
Mean score	4.8				
No of responses	14				

The success of any enterprise is largely dependent on the management and organisational structures in place. The mean score of 4.8 relative to the statement that housing co-operatives should put in place well defined management and organisational structures can be deemed by the respondents to strongly agree.

TABLE 5.70: COMMUNITY EMPOWERMENT

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	7.1	-	21.4	71.4
Mean score	4.6				
No of responses	14				

There is no better means to improve the standard of living of a community than empowering them. The mean score of 4.6 relative to the variable that government should promote community empowerment through appropriate legislation can be deemed by the respondents to strongly agree.

TABLE 5.71: APPROPRIATE POLICIES AND LEGISLATION

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	7.1	7.1	14.3	71.4
Mean score	4.5				
No of responses	14				

The mean score of 4.5 relative to the statement that government should create and implement appropriate policies and legislation can be deemed by the respondents to strongly agree. It is not enough to formulate an omnibus legislation such as the Social Housing Act 16 of 2008 and preference is not given to all the components of the legislation.

TABLE 5.72: NETWORKING WITH STAKEHOLDERS

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	-	21.4	78.6
Mean score	4.8				
No of responses	14				

The mean score of 4.8 relative to the statement that housing co-operatives should network with other stakeholders such as the apex body of co-operatives (SAHCA) and other NGOs for their development can be deemed by the respondents to strongly agree.

TABLE 5.73: BENEFICIAL FINANCIAL INSTRUMENTS

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	-	21.4	78.6
Mean score	4.8				
No of responses	14				

The mean score of 4.8 relative to the statement that financial institutions should develop financing instruments that are beneficial to housing co-operatives can be deemed by the respondents to strongly agree.

TABLE 5.74: LEVEL OF COMMITMENTS BY STAKEHOLDERS

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	7.1	14.3	78.6
Mean score	4.7				
No of responses	14				

The mean score of 4.7 relative to the statement that all stakeholders involved in co-operative housing approach should exhibit a high level of commitment can be deemed by the respondents to strongly agree.

TABLE 5.75: DEVELOPMENT AND GROWTH OF HOUSING CO-OPERATIVES

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	7.1	7.1	85.7
Mean score	4.8				
No of responses	14				

The mean score of 4.8 relative to the statement that government should provide the political environment that supports the development, growth and sustainable housing co-operatives can be deemed by the respondents to strongly agree.

TABLE 5.76: TRAINING AND EDUCATION

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	7.1	7.1	85.7
Mean score	4.8				
No of responses	14				

The mean score of 4.8 relative to the statement that regular training and education of members should be carried out by the housing co-operatives can be deemed by the respondents to strongly agree.

TABLE 5.77: SUPPORTIVE ROLE

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	-	14.3	85.7
Mean score	4.9				
No of responses	14				

The mean score of 4.9 relative to the statement that the housing sector should be supportive of housing co-operatives can be deemed by the respondents to strongly agree.

TABLE 5.78: WOMEN PARTICIPATION

Scale	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
Percentage	-	-	7.1	-	92.9
Mean score	4.9				
No of responses	14				

The mean score of 4.9 relative to the statement that women should be more active in the activities of housing co-operatives can be deemed by the respondents to strongly agree. There is high degree of concurrence on this strategy by the respondents.

5.2 Data Presentation and Analysis of Interviews Conducted

As indicated in section 4.6.3, five (5) interviews were conducted on 26th and 29th May 2011 in Johannesburg. However, due to the structured nature of the interview, another chairperson in the North West Province participated, the interview guide that was sent by electronic mail, was completed and returned on 8th September 2011.

To protect the housing co-operatives interviewed, their names will not be mentioned in the data presentation and analysis. Therefore, the housing co-operatives will be referred to using alphabets A-F to represent the six (6) housing co-operatives. Only housing co-operative represented as housing co-operative A is fully described, others were highlighted to prevent repetition. The presentation and analysis of the data are presented under the following headings:

5.2.1 Housing Co-operative A

Year established: 2000

Year registered at CIPRO: 2001

Purpose of the housing co-operative: Provision of housing to the members

Vision of the housing co-operative: To give rise to the formation of other housing co-operatives and expand its housing stock

Total number of employees: 11 (5 on full time and 6 as volunteers)

Number of members: 120

Number of houses: 120

5.2.1.1 Requirements

The following are the requirements to be met by prospective members:

- Has to be on the waiting list;
- Has been consistent in paying the prescribed fees;
- Joint income of household is greater than R1500;
- Has a regular source of income;
- Has not owned a house before;
- Be prepared to abide by the rules and regulations of the housing co-operative and

- Be a South African.

All members were given the statutes of the housing co-operative once membership procedures have been concluded. This was done for the members to ensure that the workings of the housing co-operative were clearly understood by all the members, the idea of violating the rules and regulations were therefore reduced.

5.2.1.2 Education, training and information

It was discovered that out of the four organisations listed [Small Enterprises Development Agency (SEDA), Social Housing Foundation (SHF), South Africa Housing Co-operatives Association (SAHCA) and Non Governmental Organisations (NGOs)], the housing co-operative only benefitted from the training conducted by SAHCA. The training provided by SAHCA was only fairly adequate; hence, improvement is necessary. The chairperson was aware of the existence of the SHF, but did not know the procedures to follow in order to benefit from its workshops and training opportunities. Education and information are important, but are lacking in this instance; probably not due to the fault of the chairperson but as a result of limited propagation of SHF activities that would have allowed housing co-operatives to know how to approach the SHF for training.

SEDA, according to DTI (2010: 34), is an agency of the Department of Trade and Industry which among other services provide social and skills enhancement for co-operative members and to support and promote co-operatives. The support provided is usually in the form of training on how business plans are prepared and how to run the co-operative. The SHF is also a government agency accountable to the Department of Human Settlements and is expected to develop a sustainable social housing sector for South Africa. This goal is realised by among

other roles implementing rental strategy and providing training and workshops within the confines of the social housing sector (UN-Habitat, 2008b: 30 & SHF, 2009: 4).

It was stated by the chairperson that the housing co-operative sometimes offered education and training to both the members of the housing co-operatives and the employees. In addition to these, public enlightenment was also provided. The housing co-operative embarking on these roles may be connected to the educational qualification (B Tech) of the chairperson. From all indications, that was as far as it went, because this qualification did not impact positively on the housing co-operative and its level of awareness, as it concerned the agency of government responsible for housing co-operatives.

5.2.1.3 Autonomy

One of the principles of co-operatives is that they should be autonomous; hence they should not be subjected to external control from bodies such as government and donor agencies. The chairperson confirmed that there has never been a time when all the spheres of government, SHF, SAHCA and the Board of Directors tried to impose their will on the housing co-operative. However, when looked at from the perspective of monitoring and evaluation, it was not a positive development because the implication was that the housing co-operative was left to either 'swim or sink'. A modicum of control is expected especially when the subsidy of government was involved, as it was in this case.

5.2.1.4 Democracy

The Board members were usually elected by the members and were expected to serve for three (3) years while the committee members were also expected to serve for three (3) years. In their own case, they were selected by the Board members. This arrangement of selecting committee

members is not in line with democratic tenets and is capable of being abused by the Board of Directors, especially when the Board of Directors' associates are selected to be members of the committee. One good thing here is that the housing co-operative had only one committee which was the finance committee; hence the extent of abuse of power is reduced. The positive aspect of this selection of committee members is that the chairperson stated that the finance committee was often effective in discharging its functions.

In taking decisions, the following were usually adhered to by the housing co-operative:

- Major decisions were taking at the general meetings.
- Important and minor decisions were taking by the Board members.

The strength of any housing co-operative is hinged on the members' participation and as such the housing co-operative embarked on the following measures to ensure adequate members participation in addition to the annual general meeting:

- New members are informed of the need to participate actively in the co-operative activities. This measure is sometimes effective as observed by the chairperson.
- Providing training for all the committee members. This measure is important and has been found to be very effective.
- Regular house to house visiting is also an effective measure usually adopted by the housing co-operative in ensuring members' participation.

The women in the housing co-operative were found to be very active and as such the chairperson advocated that for housing co-operatives to be sustainable, women should be made to hold positions of authority.

5.2.1.5 Finance

The chairperson was asked about the various sources of finance available to the housing co-operative and the level of adequacy. It was discovered that the housing co-operative had used members' contribution, government institutional housing subsidy and a loan from the National Housing Finance Corporation (NHFC) to finance the day to day activities of the housing co-operative. The NHFC, according to UN-Habitat (2008b: 25-26), is an agency of the Human Settlements Department, whose objective among others is the development and appropriate funding of institutions such as housing co-operatives, offering a variety of tenure arrangements for residential purposes in the areas of the housing market that are not well covered. As to the adequacy level, the chairperson claimed that members' contribution and the government institutional subsidy were very adequate while the loan from NHFC was adequate. The chairperson indicated that the housing co-operative was not registered as a SHI. Since there are no guidelines for housing co-operatives to be registered as SHI, getting social housing grant will be near impossible as earlier mentioned in section 2.3.5. Apart from this, it is going to be difficult for housing co-operatives to benefit from the current grants, except if some aspects of the Social Housing Act 16 of 2008 are changed. This issue came up during the recent presentation of the Social Housing Act Regulations by the SHRA to the Portfolio Committee on Human Settlements on 7th September 2011. The Committee remarked that no funding framework existed for housing co-operatives at the national level. This can be validated from page 9 of the 2005 Social Housing Policy and page 18 of the 2009 Social Housing Policy as shown below:

“Primary and secondary housing co-operatives registered under the Co-operatives Act of 1981, and accessing funding through this programme will be considered together with the social housing institutions and will have to be accredited as social housing institutions. Separate guidelines, however, will be drafted to accommodate the specific nature, operations and regulatory requirements of the housing co-operatives”.

Four years after the first social housing policy, the separate guidelines for housing co-operatives have not been drafted. Hence, it will become difficult for the housing co-operatives to access the current social housing grant.

The institutional subsidy that forms the main subsidy that housing co-operatives use, is not exclusively for housing co-operatives but also for other housing institutions such as rental, share block and instalment sale. The main policy intent of the subsidy is to provide capital for the provision and maintenance of affordable rental housing (NDOH, 2009b: 13). In essence, it amounts to the survival of the fittest in getting the subsidy.

In spending the funds of the housing co-operative, the chairperson stated that it was the responsibility of the members and the Board members to decide on how the money of the co-operative was spent. This is a good method as it checks the unilateral spending by either the chairperson or the person in charge of finance. Also, the housing co-operative as a matter of statutory regulation ensured that its accounts were audited as enshrined in the 2005 co-operatives Act 14 in Section 47 Subsections 1d, although a co-operative may apply for exemption to the Registrar of Co-operatives if for reasons of finance the co-operative could not meet the requirements.

The following measures were put in place by the housing co-operative to deal with financial problems whenever they arose:

- The Board members examine the incomes and expenditures of the housing co-operative;
- The Board members examine the payment trends of members; and
- The Board members examine the trends of services paid for.

To ensure that members pay their fees, the following measures were put in place:

- Initially, electricity to defaulters was disconnected but such people resulted to seeking redress in court. It was later stopped as it was not in the statutes of the housing co-operative; and
- The housing co-operative resulted into evicting defaulters. Twenty (20) occupants had been evicted.

The high turnover of members in the housing co-operative is something that should be looked into as it is not a positive development. In a study of co-operative housing subsector conducted by the Community and Neighbourhood Services Department, City of Toronto (2004: 21-22), the following eviction prevention strategies were suggested:

- Eviction should be the last resort;
- Provision of late notices;
- A progressive approach to arrears management and conflict resolution;
- Repayment schedules;
- Provision of clear information on the eviction process, options and rights; and
- Allowance of time and opportunity to explain and resolve problems such as arrears and to contest eviction.

5.2.1.6 Strategies for the establishment, development and sustainability of the housing co-operative

The chairperson opined that the municipal, provincial and national government should carry out the following functions:

- To offer support to the housing co-operatives in areas such as municipal accounts whereby water and electricity usage can be optimised in order to reduce the expenditure profile of the housing co-operative;
- Proper communication channel especially in terms of the accounts of the housing co-operatives;
- Training of members to better appreciate the workings of housing co-operatives; and
- Making land accessible to housing co-operatives.

In the words of the chairperson, the financial institutions should perform the following roles:

- Allow housing co-operatives access to funds; and
- Train housing co-operatives in areas such as budgeting.

Finally, the chairperson suggested that the housing co-operatives should assist one another in solving their problems and ensure proper networking within the housing co-operatives which to a large extent has been lacking.

5.2.1.7 Challenges preventing the realisation of the housing co-operative's vision

The constraints faced by the housing co-operative include the following:

- Members not participating willingly in the activities of the housing co-operative;
- Eviction is a lengthy process and a drain on the finances of the housing co-operative;
- Members defaulting in the payment of rent;
- Lack of support from all spheres of government; and
- Difficulty in preventing subletting by members.

In order to surmount the above challenges, the chairperson opined that 'all hands must be on deck' and that all stakeholders, especially the spheres of government and members, must come on board and participate actively in ensuring the sustainability of the housing co-operative. The

chairperson was of the opinion that the housing shortage experienced in South Africa could be solved once government partners with housing co-operatives instead of building RDP houses that could be put up for sale anytime by the owners. Apart from this, the chairperson emphasized that there is a need for government to support housing co-operatives by monitoring their activities and also providing adequate training in order for the housing co-operatives to be effective in various aspects of co-operatives.

As stated in section 5.2, data on all the cases were covered in the foregoing subsection; additional information that is unique to each one is covered in the following subsections (5.2.2-5.2.6).

5.2.2 *Housing Co-operative B*

Year established: 1999

Year registered at CIPRO: 2001

Purpose of the housing co-operative: Housing the low income earners

Vision of the housing co-operative: To become a more developed housing co-operative

Total number of employees: 7 (on part time)

Number of members: 351

Number of houses: 351

5.2.2.1 *Requirements*

The following are the requirements to be met by prospective members:

- Has to be on the waiting list;
- Has been consistent in paying the prescribed fees;
- Joint income of household is less than R7000;

- Joint income of household is greater than R1500;
- Has a regular source of income;
- Has not own a house before;
- Be prepared to abide by the rules and regulations of the housing co-operative;
- Be a South African; and
- Be part of the savings scheme.

The housing co-operative has by-laws and all the members have copies.

5.2.2.2 Education, training and information

The chairperson (was represented by the General Secretary) was aware of SEDA, SHF, SAHCA and NGO but the housing co-operative had only benefitted from SAHCA training. The training according to the general secretary was considered adequate but there was still room for improvement. The housing co-operative, according to the general secretary, often embarked on public enlightenment and education and training of its members. Across the road from where this housing co-operative is situated is a rental housing development that charges higher rent than the housing co-operative, this disparity, as stated by the chairperson of SAHCA makes the housing co-operative attractive. This practical example, according to the chairperson of SAHCA, was a profound enlightenment that the public could get.

5.2.2.3 Autonomy

The general secretary stated that there has never been any control from any of the following bodies:

- All the spheres of government;
- SHF;

- SAHCA;
- Donor agency; and
- The Board of Directors.

5.2.2.4 Democracy

The Board members were usually elected for more than four (4) years, due to the re-organisation going on in the housing co-operative, there was no committee in place. Electing Board members to run for more than four years could lead to vices such as lack of accountability, favouritism, corruption, apathy and perpetuation of self interest (CCMH, 2009: 52). In taking decisions, the general secretary indicated that major and important decisions were normally taken by the Board members while minor decisions were left to be decided at the general meetings. This type of arrangement will only further perpetuate some of the vices earlier mentioned. Though running housing co-operatives by general meetings according to CCMH (2009: 49) could lead to a situation where the housing co-operative may become difficult to administer. In the light of the approach adopted in this housing co-operative, it would have been more appropriate to have major and important decisions vested in the general meetings to ensure checks and balances. However, annual general meetings have not been held for sometime due to the re-organisation going on in the housing co-operative. The housing co-operative adopts regular house to house visit which was sometimes effective.

The general secretary revealed that women in the housing co-operative have been actively participating in the activities of the co-operative. Major role was advocated for the women in the housing co-operative by the general secretary.

5.2.2.5 Finance

According to the general secretary, the housing co-operative had only used two sources of finance in the running of the housing co-operative; these are

- Members contribution which is not adequate; and
- Government subsidy which is adequate.

The general secretary stated that the chairperson and the person in-charge of finance usually authorize the spending of the co-operative's funds. In addition to this, the Board members were saddled with the responsibility of examining the income and expenditure profiles of the housing co-operative whenever any financial problem arises. The account of the housing co-operative was being (as at the time of the interview) administered in a trust account. This may be indication of a problem in the housing co-operative.

The following were the measures that the housing co-operative put in place to ensure that members pay their fees:

- Disconnection of electricity;
- Presentation of letter of demand to the defaulter; and
- Eviction.

Members have been evicted over the years as indicated by the general secretary.

5.2.2.6 Strategies for the establishment, development and sustainability of the housing co-operative

In the opinion of the general secretary, the municipal, provincial and national government should ensure that the following measures are in place:

- The need to capacitate the government officials responsible for housing on the workings of housing co-operatives as these officials have limited knowledge about co-operatives generally;

- Provision of all the necessary support especially adequate funding of the housing co-operative subsector;
- Regular monitoring and evaluation of the activities of the housing co-operatives in order to keep track of the beneficiaries of government subsidy. To this end, a task team to be established by the national government was advocated; and
- Evaluation and due diligence at the municipal level to be encouraged.

The financial institutions according to the general secretary should embark on the following measures:

- Be better equipped in how to finance co-operative models; and
- Government should ensure that appropriate legislation and policies are in place that will enable banks understand co-operatives better.

For a virile housing co-operative subsector, the general secretary stressed that members will need:

- More training to understand the ideology behind co-operatives; and
- To come together so that better governance can be entrenched in housing co-operatives.

5.2.2.7 Challenges preventing the realisation of the housing co-operative's vision

The major constraint faced by the housing co-operative among others was the unwillingness of members to pay their fees. To surmount this, the general secretary opined that all stakeholders must be committed to the development of housing co-operative subsector.

5.2.3 Housing Co-operative C

Year established: 2010

Year registered at CIPRO: 2010

Purpose of the housing co-operative: Build houses using Enhanced People's Housing Process (EPHP) programme of rural subsidy

Vision of the housing co-operative: To become a force to be reckoned with

Total number of employees: 2 (on full time)

Number of members: + or - 400

Number of houses: nil

5.2.3.1 Requirements

The following were the requirements to be met by prospective members:

- Has not own a house before;
- Be prepared to abide by the rules and regulations of the housing co-operative; and
- Be a South African.

5.2.3.2 Education, training and information

On the issue of training, the chairperson indicated that the housing co-operative has never undertaken training for the members and the employees. In addition to this, the housing co-operative has also not engaged in enlightening the public about housing co-operatives. The reason for this may be due to the fact that the housing co-operative is still trying to learn the ropes. According to the chairperson, the housing co-operative was aware of SEDA, SHF, SAHCA and NGO but has only benefitted from the training of SEDA. The chairperson claimed the training was inadequate because it had little relevance to housing co-operatives and as such improvement is needed to take care of the specialised nature of housing co-operatives.

5.2.3.3 Autonomy

The chairperson stated that there has never been any control from any of the following bodies except sometimes from the Board members:

- All the spheres of government;
- SHF;
- SAHCA; and
- Donor agency.

5.2.3.4 Democracy

Both the Board members and the committee members were usually elected for a period of three (3) years each respectively. There were four committees in place (finance, social, health and skills development) and according to the chairperson, the committees were effective in discharging their roles. Important and minor decisions were normally undertaken by the Board members while major decisions were taken at the general meetings. In a related development, the chairperson indicated that women in the housing co-operative have been actively participating in the activities of the co-operative. Major role was also advocated by the chairperson for women.

The following were the measures that the housing co-operative put in place to ensure adequate participation of the members:

- New members are informed of the need to participate actively in the co-operative activities;
- Formation of many committees; and
- Providing training for all the committee members.

5.2.3.5 Finance

The following were the sources of finance available to the housing co-operative:

- Members contribution which according to the chairperson was not adequate; and
- Savings and credit co-operatives which was also not adequate.

Members were encouraged to pay their fees regularly. In disbursing the funds, it was the responsibility of the Board members to authorize the spending of the funds. The following were the measures that the housing co-operative put in place to address financial difficulty anytime it happened and the Board members usually carry out this role:

- Examining the budget (income and expenditure);
- Examining the payment trends of the members;
- Examining the trends of the services paid for; and
- Examining the sources of finance.

The housing co-operative had applied for exemption to the Registrar of Co-operatives so that auditing of the co-operative's account will not be carried out.

5.2.3.6 Strategies for the establishment, development and sustainability of the housing co-operative

The chairperson asserted that the municipal, provincial and national government should ensure that the following measures are in place:

- Educating the members of the public about the operations of the housing co-operatives;
- Continuous monitoring and evaluation of housing co-operatives;
- Providing regular feedbacks to the housing co-operatives on discoveries made during monitoring;
- Prompt disbursement of subsidy to housing co-operatives; and

- Providing tax incentive to the housing co-operatives to offset some of the cost of running housing co-operatives.

The financial institutions according to the chairperson should embark on the following measures:

- Educating bank staff on financing models available to housing co-operatives; and
- Provision of low interest loans to the housing co-operatives.

The chairperson stated that members will need:

- To continuously engage with all stakeholders especially the Department of Human Settlement on ways to sustain housing co-operatives; and
- Regular training of members on the operations of housing co-operatives.

5.2.3.7 Challenges preventing the realisation of the housing co-operative's vision

The chairperson indicated that the time frame in making subsidy available is a serious impediment and could derail the vision of the housing co-operative. To forestall this, prompt disbursement of the subsidy by the officials involved will go a long way in fast tracking the realisation of the vision.

5.2.4 Housing Co-operative D

Year established: 1999

Year registered at CIPRO: 1999

Purpose of the housing co-operative: Providing houses for the members

Vision of the housing co-operative: To grow and develop more housing co-operatives

Total number of employees: 3 (volunteerism)

Number of members: 55

Number of houses: 55

5.2.4.1 Requirements

The following were the requirements to be met by prospective members:

- Has to be on the waiting list;
- Has been consistent in paying the prescribed fees;
- Joint income of household is less than R7000;
- Joint income of household is greater than R1500;
- Has not own a house before;
- Be prepared to abide by the rules and regulations of the housing co-operative;
- Be a South African or has permanent residence permit and has lived in South Africa for ten years; and
- Be part of the savings scheme.

The housing co-operative has by-laws and all the members have copies.

5.2.4.2 Education, training and information

The chairperson was not aware of SEDA, SHF and NGO but was aware of SAHCA and has benefitted from the training offered by the organisation. The training according to the chairperson was considered adequate but improvement was however canvassed. The housing co-operative has often embarked on public enlightenment on the benefits that people can derive from joining housing co-operative. Apart from this, regular education and training of members were carried out.

5.2.4.3 Autonomy

Apart from the provincial government and SAHCA that had exhibited a level of control, other bodies such as municipal government, SHF, donor agency and the Board of Directors had never tried to control the housing co-operative.

5.2.4.4 Democracy

Both the Board members and committee members were elected and are expected to run for four (4) years and one (1) year respectively. According to the chairperson, there were maintenance and social committees which were often effective in the discharge of their responsibilities. This may be connected with the limited time allowable for the committees; the idea of positively impacting the housing co-operative cannot be overemphasised. Important and minor decisions were usually taken by the Board members while major decisions were taken at the general meetings. Annual general meetings are held annually.

The following were the measures in place to ensure active participation of members:

- New members are informed of the need to participate actively in the co-operative's activities;
- Providing training for all the committee members; and
- Regular house to house visits.

The first two measures according to the chairperson were very effective while the third one was sometimes effective. The women in the housing co-operative have been actively participating in the activities of the housing co-operative, based on this, the chairperson was of the opinion that women should be given equal opportunity like their men folk for housing co-operatives to be sustainable.

5.2.4.5 Finance

The following were the sources of finance available to the housing co-operative:

- Members contribution (not adequate); and
- Government subsidy (adequate)

As at the time the interview was conducted, the accounts of the housing co-operative were being handled by a trust account, this is an indication of a problem in the housing co-operative.

The housing co-operative according to the chairperson has not been carrying out auditing of its accounts; this may be connected with the accounts being administered from a trust account. The chairperson and the person in-charge of finance usually authorize the spending of the co-operative's funds.

The following were the measures that the housing co-operative put in place to address financial difficulty anytime it happened and the Board members were expected to carry out this role:

- Examining the budget (income and expenditure);
- Examining the payment trends of the members;
- Examining the trends of the services paid for; and
- Examining the sources of finance.

The following were the measures that the housing co-operative put in place to ensure that members pay their fees:

- Presentation of letter of demand to the defaulter;
- Disconnection of electricity; and
- Eviction.

Members have been evicted over the years as indicated by the chairperson.

5.2.4.6 Strategies for the establishment, development and sustainability of the housing co-operative

The chairperson indicated that the municipal, provincial and national government should ensure that the following measures are in place:

- Have a better understanding of housing co-operatives by the officials of government;
- Provision of all the necessary support such as adequate funding that will enhance the sustainability of housing co-operatives; and

- Regular monitoring and evaluation of housing co-operatives, the housing co-operatives should not be left at their own whims and caprices.

The financial institutions according to the chairperson should embark on the following measures:

- Have a better understanding of housing co-operatives in order to be well positioned to support the growth of housing co-operative subsector; and
- Having instruments that are beneficial to the housing co-operatives.

The members according to the chairperson should ensure that the following measures are in place for housing co-operatives to be sustainable:

- More education and training are advocated; and
- Commitment and transparency of members should be *sine qua non* to sustainable housing co-operative subsector.

5.2.4.7 Challenges preventing the realisation of the housing co-operative's vision

Inadequate policy and legislative frameworks are impediments to the growth of housing co-operative. The chairperson called for government intervention in this regards.

5.2.5 Housing Co-operative E

Year established: 1999

Year registered at CIPRO: 2000

Purpose of the housing co-operative: Providing houses for the members

Vision of the housing co-operative: To become a successful housing co-operative

Total number of employees: 3 (volunteerism)

Number of members: 84

Number of houses: 84

5.2.5.1 Requirements

The following were the requirements to be met by prospective members:

- Has to be on the waiting list;
- Has been consistent in paying the prescribed fees;
- Joint income of household is less than R7000;
- Joint income of household is greater than R1500;
- Has not own a house before;
- Be prepared to abide by the rules and regulations of the housing co-operative;
- Be a South African; and
- Be part of the savings scheme.

The housing co-operative has by-laws and all the members have copies.

5.2.5.2 Education, training and information

According to the chairperson, the housing co-operative had only benefitted from the training of SAHCA which was considered adequate but in spite of the adequacy, improvement was still needed. Efforts have been made on a regular basis to enlighten the public on the benefits that can be derived from becoming a member of the housing co-operative. Members of the housing co-operatives were also trained on a regular basis on the workings of housing co-operatives.

5.2.5.3 Autonomy

The housing co-operative according to the chairperson had experienced a level of control from the provincial government and SAHCA.

5.2.5.4 Democracy

The chairperson indicated that both the Board members and committee members were elected for a period of three (3) years each and there were maintenance, finance and social committees in place. Major decisions were taken at the general meetings while Board members take important and minor decisions. Women in the housing co-operative as stated by the chairperson have been very active in their participation in the activities of the co-operative. For housing co-operatives to be sustainable, the chairperson stressed that women should be given equal opportunities like their men folk.

The following were the measures that the housing co-operative put in place to ensure adequate participation of the members:

- Informing new members of the need to participate in the activities of the co-operative;
- Providing training for all the committee members;
- Regular house to house visits; and
- Imposition of fines when members fall due in their participation.

Annual meetings take place every year.

5.2.5.5 Finance

The following were the sources of finance available to the housing co-operative:

- Members contribution; and
- Government subsidy.

The chairperson and the person in-charge of finance usually authorize the spending of the co-operative's funds.

The following were the measures that the housing co-operative put in place to address financial difficulty anytime it happens and the Board members carry out this role:

- Examining the budget (income and expenditure);

- Examining the payment trends of the members;
- Examining the trends of the services paid for; and
- Examining the sources of finance.

The following were the measures that the housing co-operative put in place to ensure that members pay their fees:

- Presentation of letter of demand to the defaulter;
- Disconnection of electricity; and
- Termination of contract.

The chairperson stressed that members of the housing co-operative have been evicted over the years.

5.2.5.6 Strategies for the establishment, development and sustainability of the housing co-operative

The chairperson indicated that the municipal, provincial and national government should ensure that the following measures are in place:

- Understand the operations of housing co-operatives;
- Provide the necessary support such as training and funding;
- Monitor the activities of the housing co-operatives; and
- Re-examine the available taxes in order to provide tax incentive to housing co-operatives.

The financial institutions, according to the chairperson, should embark on the following measures:

- Have a better understanding of housing co-operatives in order to be well positioned to support the growth of housing co-operative subsector; and

- Having instruments that are beneficial to the housing co-operatives.

Housing co-operatives according to the chairperson should continue to provide training for their members and be committed to the co-operative ideology.

5.2.5.7 Challenges preventing the realisation of the housing co-operative's vision

Corruption and inadequately qualified people in housing co-operative operations are challenges stunting the growth of the housing co-operative. The chairperson called for government intervention and more training as the panacea to the challenges.

5.2.6 Housing Co-operative F

Year established: 1999

Year registered at CIPRO: 2001

Purpose of the housing co-operative: Providing houses for the members

Vision of the housing co-operative: To grow and be able to develop more housing co-operatives

Total number of employees: 12 (5 on full time and 7 as volunteers)

Number of members: 28

Number of houses: 28

5.2.6.1 Requirements

The following were the requirements to be met by prospective members:

- Has to be on the waiting list;
- Has been consistent in paying the prescribed fees;
- Joint income of household is less than R7000;
- Joint income of household is greater than R1500;

- Has not own a house before;
- Be prepared to abide by the rules and regulations of the housing co-operative;
- Be a South African or has permanent residence permit and has lived in South Africa for ten years; and
- Be part of the savings scheme.

The housing co-operative has by-laws and all the members have copies.

5.2.6.2 Education, training and information

According to the chairperson, the housing co-operative had only benefitted from the training of SAHCA which was considered adequate but in spite of the adequacy, more training was still needed. Efforts have been made on a regular basis to enlighten the public on the benefits that can be derived from becoming a member of the housing co-operative. Members of the housing co-operatives were also trained on a regular basis on the workings of housing co-operatives.

5.2.6.3 Autonomy

The housing co-operative according to the chairperson had experienced a level of control from the provincial government and SAHCA.

5.2.6.4 Democracy

The chairperson indicated that both the Board members and committee members were elected for a period of four (4) years and one (1) year respectively, and there were maintenance, finance and social committees in place. Major decisions were usually taken at the general meetings while Board members take important and minor decisions. Women in the housing co-operative as stated by the chairperson have been very active in their participation in the activities of the co-operative. For housing co-operatives to be sustainable, the chairperson

stressed that women should be given equal opportunities like their men folk and should be supported to achieve this.

The following were the measures that the housing co-operative put in place to ensure adequate participation of the members:

- Informing new members of the need to participate in the activities of the co-operative;
- Providing training for all the committee members;
- Regular house to house visits; and
- Imposition of fines when members fall due in their participation.

Annual meetings take place every year.

5.2.6.5 Finance

The following were the sources of finance available to the housing co-operative:

- Members rental contribution (considered adequate); and
- Government subsidy.

The chairperson and the person in-charge of finance usually authorize the spending of the co-operative's funds.

The following were the measures that the housing co-operative put in place to address financial difficulty anytime it happened and the Board members were expected to perform this role:

- Examining the budget (income and expenditure);
- Examining the payment trends of the members;
- Examining the trends of the services paid for; and
- Examining the sources of finance.

The following were the measures that the housing co-operative put in place to ensure that members pay their fees:

- Presentation of letter of demand to the defaulter;
- Disconnection of electricity; and
- Termination of contract.

The chairperson stressed that members of the housing co-operative have been evicted over the years.

5.2.6.6 Strategies for the establishment, development and sustainability of the housing co-operative

The chairperson indicated that the municipal, provincial and national government should ensure that the following measures are in place:

- Regular communication between government officials and housing co-operatives in areas such as how to make government subsidy more beneficial to the housing co-operatives;
- Regular monitoring of the activities of the housing co-operatives; and
- Housing co-operatives should be exempted from Value Added Tax (VAT) because of their not for profit inclination.

The financial institutions according to the chairperson should be brought on board so that housing co-operatives can benefit from their array of instruments. In addition to this, low interest loans should be made available to housing co-operatives.

The chairperson indicated that the housing co-operatives need to ensure that the following measures are in place:

- Training and education of members should be encouraged; and
- Members should be motivated in order to become more committed to the ideals of co-operatives.

5.2.6.7 Challenges preventing the realisation of the housing co-operative's vision

Inadequate policy and legislative frameworks according to the chairperson were the bane of the co-operative housing subsector. The chairperson advocated that housing co-operatives should always be part of those formulating policy and legislation that affect housing co-operatives. This may be connected with the reason why Baumann (2003: 104) concludes that South Africa's housing policy and delivery systems are usually formulated and implemented by people who have no direct bearing on the results expected and that only few developmental policies are based on the inputs of those that are expected to benefit from such policies.

5.3 Data Presentation and Analysis of Questionnaires from the Members of the Housing Co-operatives

Questionnaires were sent to the members of the housing co-operatives interviewed through their chairpersons as the gatekeepers in this situation. The number of questionnaires sent to each housing co-operative was determined by the chairperson of such housing co-operative and was not a function of the number of members in the housing co-operative. In all, a total of 110 questionnaires were sent on 26 and 29 May 2011 being the dates that the interviews were conducted. Self addressed envelopes were included to facilitate easy return of the completed questionnaires. The sixth chairperson that responded to the interview guide also administered the questionnaires to the members of their housing co-operative. This was done via e-mail. The essence of this last stage was to triangulate the results obtained from the part of the questionnaires (the questions on sustainable strategies and leadership) responded to by the chairpersons of the housing co-operatives and also from the interview sessions (the part on leadership).

TABLE 5.79: QUESTIONNAIRES ADMINISTERED AND THE RESPONSE RATE

Questionnaires administered	Number returned	Response rate
110	19	17.3

The response rate of 17.3% is still representative because of the consensus of the respondents in the questionnaires returned as shown in the subsequent sections below. Based on this, the response rate is deemed to be sufficient for the analyses that were carried out.

5.3.1 Demographic data of respondents

Information such as the age group, the number of years the respondents had been living in the houses provided by the housing co-operatives, their places of work and the number of bedrooms in their houses were sought.

TABLE 5.80: AGE GROUP OF RESPONDENTS

Age group	15-25	26-35	36-45	46-55
Percentage	16.7	22.2	38.9	22.4
No of respondents	18			

From Table 5.80 above, 83.3% of the respondents have their ages from 26 years and above while 16.7% have their ages below 26 years. To a large extent, the responses gotten can be considered fair since sizeable number of the respondents has ages above 25 years and they are deemed to be able to understand the questions.

TABLE 5.81: THE PERIOD OF TIME AS OCCUPANT

Year	0-1	>5-10	>10
Percentage	36.8	15.8	47.7
No of respondents	19		

The respondents were asked about the length of time they had been occupying the houses provided by their respective housing co-operatives. From Table 5.81 above, 15.8% of the

respondents had been living in the houses provided by their housing co-operatives for more than 5 years while 47.7% of the respondents had been living there for more than 10 years. The remaining 36.8% of the respondents had been in the houses provided by their housing co-operatives for a period of up to one year. These latter respondents do not have houses yet as at the time the survey was conducted. As a result of this, these respondents were excluded from the analysis in Tables 5.85, 5.86, 5.93, 5.94 and 5.96 below because the questions bothered on the houses provided by the housing co-operatives.

TABLE 5.82: PLACE OF WORK

Work place	Public sector	Private sector	Self employed	Unemployed
Percentage	5.3	47.4	5.3	42.1
No of respondents	19			

From the above Table, 47.4% of the respondents were employed in the private sector, 5.3% were self employed, 5.3% were employed in the public sector and 42.1% were unemployed. The scenario painted by the table may be what is obtainable across all the housing co-operatives. If this is the case, the perceived ‘strangulation’ of the co-operative housing approach could be as a result of the limited number of housing co-operatives’ members employed in the public sector or employed at all.

TABLE 5.83: NUMBER OF BEDROOMS OCCUPIED

Bedroom	One bedroom	Two bedrooms	Other
Percentage	21.1	42.1	36.8
No of respondents	19		

Table 5.83 shows that 21.1% of the respondents occupied one bedroom apartments while 42.1% of the respondents occupied two bedroom apartments. The remaining 36.8% were those referred to under Table 5.81 above.

5.3.2 Analysis of the main of the part of the questionnaire

This covers the analysis of the main questions asked in the questionnaire which were essentially opinion questions. The respondents' responses were synthesised and presented below. The second part of the questionnaire which focused on sustainable strategies for housing co-operatives was not discussed because the discussion had already been carried out under Tables 5.62-5.77

TABLE 5.84: REQUIREMENTS FOR BECOMING A MEMBER

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	22.2	27.8	5.6	16.7	27.8
Mean score	3.0				
No of respondents	18				

The mean score of 3.0 relative to the requirements for becoming a member in any of the housing co-operatives can be deemed by the respondents to be unsure.

TABLE 5.85: CONDITION OF THE ENVIRONMENT

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	81.8	9.1	9.1	-	-
Mean score	1.3				
No of respondents	11				

The mean score of 1.3 relative to the condition of the environment can be deemed by the respondents to be not satisfied.

TABLE 5.86: BUILDING CONDITION

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	83.3	8.3	8.3	-	-
Mean score	1.3				
No of respondents	12				

The mean score of 1.3 relative to the conditions of the buildings occupied by the members can be deemed by the respondents to be not satisfied.

TABLE 5.87: SUPPORT FROM THE MUNICIPAL GOVERNMENT

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	89.5	-	5.3	-	5.3
Mean score	1.3				
No of respondents	19				

The mean score of 1.3 relative to the support from the Municipal Government to the housing co-operatives can be deemed by the respondents to be not satisfied.

TABLE 5.88: LEADERSHIP STYLE OF THE BOARD

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	11.1	33.3	22.2	16.7	16.7
Mean score	2.9				
No of respondents	18				

The mean score of 2.9 relative to the leadership style of the Board members can be deemed by the respondents to be unsure.

TABLE 5.89: LEADERSHIP STYLE OF THE CHIEF EXECUTIVE OFFICER

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	23.5	29.4	35.3	11.8	-
Mean score	2.4				
No of respondents	17				

The mean score of 2.4 relative to the leadership style of the chief executive can be deemed by the respondents to be of little satisfaction.

TABLE 5.90: METHOD OF ORGANISING MEETINGS

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	27.8	38.9	16.7	11.1	5.6
Mean score	2.3				
No of respondents	18				

The mean score of 2.3 relative to the way meetings are organised in the housing co-operatives can be deemed by the respondents to be of little satisfaction.

TABLE 5.91: INFORMATION SHARING METHOD

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	47.4	10.5	21.1	15.8	5.3
Mean score	2.2				
No of respondents	19				

The mean score of 2.2 relative to the way information is shared in the housing co-operatives can be deemed by the respondents to be of little satisfaction.

TABLE 5.92: RESPONSE TIME FOR COMPLAINTS

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	83.3	11.1	5.6	-	-
Mean score	1.2				
No of respondents	18				

The mean score of 1.2 relative to the response time when complaints are lodged in the housing co-operatives can be deemed by the respondents to be not satisfied.

TABLE 5.93: QUALITY OF MAINTENANCE

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	100	-	-	-	-
Mean score	1.0				

No of respondents	12
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The mean score of 1.0 relative to the quality of maintenance carried out in the housing co-operatives can be deemed by the respondents to be not satisfied.

TABLE 5.94: AMOUNT PAID AS RENT

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	25	8.3	8.3	50	8.3
Mean score	3.1				
No of respondents	12				

The mean score of 3.1 relative to the amount paid as rent in the housing co-operatives can be deemed by the respondents to be unsure. However, when Table 5.94 is examined based on the scale, 58.3% of the respondents was either satisfied or very satisfied. The percentage of the respondents under unsure probably skew the interpretation.

TABLE 5.95: PROCEDURES FOR COLLECTION OF FEES

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	37.5	31.3	25.0	-	6.3
Mean score	2.1				
No of respondents	16				

The mean score of 2.1 relative to the procedures for collection of fees in the housing co-operatives can be deemed by the respondents to be of little satisfaction.

TABLE 5.96: SECURITY OF THE ENVIRONMENT

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	91.7	-	-	8.3	-
Mean score	1.3				
No of respondents	12				

The mean score of 1.3 relative to the security of the environment in the housing co-operatives can be deemed by the respondents to be not satisfied.

TABLE 5.97: METHOD OF APPOINTING BOARD MEMBERS

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	43.8	25.0	18.8	6.3	6.3
Mean score	2.1				
No of respondents	16				

The mean score of 2.1 relative to the way members are appointed to the Board in the housing co-operatives can be deemed by the respondents to be of little satisfaction.

TABLE 5.98: WOMEN PARTICIPATION

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	11.1	50.0	-	16.7	22.2
Mean score	2.9				
No of respondents	18				

The mean score of 2.9 relative to the level of women participation in the activities of the housing co-operatives can be deemed by the respondents to be unsure.

TABLE 5.99: ROLE OF WOMEN

Scale	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
Percentage	16.7	44.4	-	27.8	11.1
Mean score	2.7				
No of respondents	18				

The mean score of 2.7 relative to the roles assigned to women in the housing co-operatives can be deemed by the respondents to be unsure.

TABLE 5.100: STRATEGIES FOR SUSTAINABLE HOUSING CO-OPERATIVES

In analyzing this part of the questionnaire, it was discovered that some of the respondents did not go further in ticking among other options (not at all, little, unsure, largely and tremendously) after ticking ‘yes’ or ‘no’. Since a ‘yes’ could be liken to ‘largely’ or ‘tremendously’, to err on the side of caution, the smaller of the two options (‘largely’ having a rating of 4) was used in the analysis.

Strategies	N	LI	U	LA	T	MS
Government should establish an institutional framework that allows rapid and efficient registration of housing co-operatives	-	-	11.1	77.8	11.1	4.0
Government should encourage the development of housing co-operatives	-	-	-	77.8	22.2	4.2
Government should respect the autonomous nature of housing co-operatives	-	-	11.8	70.6	17.6	4.1
Government should promote the development of technical skills of the members	-	-	-	77.8	22.2	4.2
Government should disseminate information on co-operative housing	-	-	5.9	82.4	11.8	4.1
Government should consult with housing co-operatives in the formulation of policies and legislation that are applicable to them	-	-	-	66.7	33.3	4.3
Government should facilitate housing co-operatives to access support services	-	-	-	77.8	22.2	4.2
Housing co-operatives should put in place well defined management and organisational structures	-	-	-	72.2	27.8	4.3
Government should promote community empowerment through appropriate legislation	-	-	-	64.7	35.3	4.4
Creation & implementation of appropriate policies and legislation by government	-	-	-	82.4	17.6	4.2
Housing co-operatives should network with other stakeholders such as apex body of co-operatives and NGOs for their development	-	-	-	72.2	27.8	4.3
Financial institutions to develop financing instruments that are beneficial to housing co-operatives	-	-	5.9	76.5	17.6	4.1
Exhibition of high level of commitment by all stakeholders involved in co-operative housing	-	-	-	76.5	23.5	4.2
Government should provide political environment that supports the development and growth of housing co-operatives	-	-	-	66.7	33.3	4.3
Regular training and education of members by housing co-operatives	-	-	-	64.7	35.3	4.4
The housing sector should be supportive of housing co-	-	-	-	66.7	33.3	4.3

operatives						
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Where N-Not at all; LI-Little; U-Unsure; LA-Largely; T-Tremendously and MS-Mean score. N, LI, LA, U and T are in percentages.

Based on the above results, the way the questions were answered by the members was similar to the survey among the chairpersons on strategies. Therefore, describing the data becomes unnecessary to avoid repetition in the analysis. All the strategies can be deemed to be largely, hence, all the strategies were also supported by the members that responded to the survey.

5.3.3 *General comments from the respondents on their housing co-operatives*

The following are some of the comments from the respondents on their various housing co-operatives. The nature of the comments showed that some of the respondents made comments on housing co-operatives generally while others made specific comments in relation to their housing co-operatives.

- *“We need support and guidance in our housing co-operative.”*
- *“If well administered, co-operatives should be able to provide employment and housing for the members and their families.”*
- *“Government should give help to all the co-operatives to be sustainable and foresee the hijacking of all co-operatives buildings.”*
- *“Political figures/officials play a vital role within our community, so those who are corrupt in the development of co-operatives must be taken out.”*
- *“Our co-operative was doing fine and the tenants were paying reasonable rent before we were told that our flat was put on auction and bought by someone who has double the rent without consulting all of us.”*
- *“Co-operative must not be for sale, government must make sure we are safe and secure.”*

- *“Government officials who provide services should work hand in hand with the housing co-operatives to develop long term relationship.”*
- *“Government officials who provide services should work hand in glove with housing co-operatives to develop and support them with all the skills needed.”*

From the comments above, it is not difficult to discern the direction of the comments. All the spheres of government need to come to the rescue of the co-operative housing subsector by getting more involved so that the housing co-operatives can become sustainable. Rhetoric and inadequate policy and legislative frameworks will not solve the problem but political will and commitment. On the part of those saddled with the responsibilities of running the housing co-operatives, the co-operative ideology and values should always guide their actions. To run housing co-operatives like a personal estate is counter to these values and ideology.

5.4 SWOT Analysis of the Housing Co-operatives Interviewed

This section covers the SWOT analysis of the six (6) housing co-operatives interviewed. The data used were generated from the interview sessions and the survey carried out through the administration of questionnaires to the sixty-six housing co-operatives chairpersons. The opportunities and threats of the analysis were obtained from the responses of the questionnaires based on the fact that they form the external environment. This external environment consists of broad and task environments. The task environment consists of stakeholders that organisations relate with in the course of carrying out their activities. These stakeholders include customers, suppliers, government agencies and administrators, local communities, NGOs, financial institutions (Harrison & St. John, 2004: 25-26). To avoid repetition, generic opportunities and threats identified are provided while strengths and threats identified are provided for each of the housing co-operatives.

5.4.1 Generic opportunities and threats analysis

Tables 5.101 and 5.102 form the analysis for the opportunities and threats identified from the external environment.

TABLE 5.101: OPPORTUNITIES IDENTIFIED

Opportunities	Scale	Mean score
Getting advice from SAHCA	High extent	4.1
Participating in SAHCA training	High extent	3.7
Training delivered by SAHCA	High benefit	3.6
Networking with other housing co-operatives	Very high co-operation	4.5
Assisting in the formation of other housing co-operatives	High co-operation	4.4
Autonomous control due to limited control from government	Based on the interview conducted	

From Table 5.101, the opportunities that the housing co-operatives could tap into to in order to become sustainable were highlighted based on the survey carried out among the chairpersons of the housing co-operatives. Opportunities such as getting advice from SAHCA and participating in SAHCA activities were rated to a high extent based on the level of involvement of the housing co-operatives. The extent of benefit derived by the housing co-operatives was deemed to be of high benefit indicating that SAHCA's training contributed to the knowledge gained by the housing co-operatives. Another opportunity that the housing co-operatives could also tap into was the limited control experienced by the housing co-operatives, hence, they were autonomous. As long as these opportunities are available, the continuous tapping into them is imperative for the housing co-operatives.

TABLE 5.102: THREATS IDENTIFIED

Threats	Scale	Mean score
Existence of legislation and policies beneficial to housing co-operatives	Disagree	2.2
Feedback is not provided to the Department of Human Settlements on legislation	Agree	4.1
The government is not monitoring the activities of the housing	Agree	4.1

co-operatives		
Housing co-operatives were not consulted in the formulation of housing legislation	Agree	4.0
The National Government lacks commitment to develop the co-operative housing subsector	Agree	4.3
Continuous support from SHF	No benefit	1.5
Continuous support from the municipality	No benefit	1.1
Interest rate	High effect	4.2
Stringent conditions attached by banks before giving loans	Very high effect	4.6
Unfavourable repayment period	High effect	4.4
Unwillingness of the banks to grant mortgage loans	Very high effect	4.5
Unwillingness of the NHFC to provide loans	High effect	4.4
Lack of awareness of government officials in the application of co-operative housing approach	No awareness	1.4
Identification of suitable land	Great difficulty	4.5
Obtaining well located land	Great difficulty	4.9
Administration and procedures involved in the registration and transfer of land	Great difficulty	4.6
Lengthy land-use approval process	Great difficulty	4.8
Inadequate training by agencies such as SHF and SEDA	Based on the interview	

Responses from the chairpersons on the above threats identified in Table 5.102 was an indication that sustainability of housing co-operatives will continue to be stymied as long as there are the presence of threats such as inadequate training by SHF and SEDA, lengthy land-use approval process, obtaining well located, lack of awareness of government officials in the application of co-operative housing approach. In addition, when there is no existence of legislation and policies beneficial to housing co-operatives, presence of high interest rate, and no continuous support from the municipality, there will be no considerable progress made in the co-operative housing subsector because these are the drivers of growth and development. For there to be growth and development, these threats are to be turned into opportunities so that the housing co-operatives will be able to tap into them in order to become sustainable.

5.4.2 Strengths and weaknesses identified from housing co-operative A

The strengths and weaknesses identified from housing co-operative A is presented in Tables 5.103 and 5.104

TABLE 5.103: STRENGTHS IDENTIFIED

Strengths
Election of the Board members
Major decisions taking at the general meetings
Important but not major decisions taking by the Board members
Minor decisions taking by the Board members
The period of tenure (3 years) for both the Board members and the committee members
Authorisation of co-operative's funds by the members and the Board members
External audit of account
Active participation of women in co-operative activities
High percentage of attendance of meetings by the Board members
Regular meetings for both the members and the Board members

The above strengths in Table 5.103 were areas that housing co-operative A had comparative advantage, hence, it is expected to continue in the same line, so that over time, the strengths could become a culture that will continue to be nurtured.

TABLE 5.104: WEAKNESSES IDENTIFIED

Weaknesses
Non-payment of charges by the members
Selection of the committee members
High level of eviction (20)
Lack of awareness of the available training opportunities such as the one organised by SHF
No saving scheme in place
Downward raid by people in the income bracket above R7000 per month
Less than 50% usually attend general meetings
No exit payment for the members due to lack of capital

From Table 5.104, some weaknesses were identified that could be impediments to the sustainability of the housing co-operatives when not checked and appropriate remedies proffered. For example, when there is no exit payment for the members leaving the housing co-operatives, this could discourage would be members from joining the housing co-operatives,

thereby eroding the public confidence in co-operatives as a bastion of hope in the provision of houses for their members.

5.4.3 Strengths and weaknesses identified from housing co-operative B

The strengths and weaknesses identified from housing co-operative B is presented in Tables 5.105 and 5.106

TABLE 5.105: STRENGTHS IDENTIFIED

Strengths
Active participation in the co-operative activities
Autonomy and independence due to limited control from government
Election of the Board members
Regular Board meetings
High (75%) attendance at the general meetings
High (86%) attendance at the Board meetings

Table 5.105 shows the strengths identified from housing co-operative B. The strengths were the areas that the housing co-operative was good at and it is expected that strengths such as the high turn out in both the general meetings and the Board meetings should be sustained. This is because when there is large turn out at meetings, debates become robust and people tend to abide by the outcome of such meetings since they were involved in the process.

TABLE 5.106: WEAKNESSES IDENTIFIED

Weaknesses
Tenure of Board members (>4 years)
No exit payment for the members due to lack of capital
Holding general meetings when necessary
Non auditing of account
Finances under trust accounts
Major decisions taking by the Board members
Non payment of charges by the members
Annual general meetings not usually held
Authorisation of funds by the chairperson and the person in-charge of finance

The above weaknesses are areas that housing co-operative B is expected to look into so that the growth and development of the housing co-operative will not be stunted. For instance, when the tenure of the Board members is more than 4 years as was the case here, it could be subject to abuse which could lead to acrimonious relationship between the Board members and the members of the housing co-operative.

5.4.3 Strengths and weaknesses identified from housing co-operative C

The strengths and weaknesses identified from housing co-operative C is presented in Tables 5.107 and 5.108

TABLE 5.107: STRENGTHS IDENTIFIED

Strengths
Election of the Board members
Election of the committee members
Tenure of the Board members
Tenure of the committee members
Creation of many committees
Major decisions taking by the members at the general meetings
Having savings and credit co-operative
Authorisation of co-operative's funds by the Board members
Active participation of women
Benefit from SEDA training
Regular Board meetings

The above strengths in Table 5.107 were areas that housing co-operative C had comparative advantage, hence, it is expected to continue in the same line, so that over time, the strengths could become a culture that will continue to be nurtured.

TABLE 5.108: WEAKNESSES IDENTIFIED

Weaknesses
Having people with no regular source of income as members
Lack of awareness of the available training opportunities such as the SHF and SAHCA training
Non auditing of account
Has not been using consistent payment of prescribed fees as a leverage

The above weaknesses were identified from housing co-operatives C. Having people with no regular source of income as members will cause serious problem in future for the housing co-operative. As at the time the interview was conducted, the housing co-operative had not progressed to the point of building houses for its members. The housing co-operative will eventually go the way of individual ownership (using expanded People’s Housing Process programme of rural subsidy) but funds will still be needed to carry out the management of common space that will be created.

5.4.4 Strengths and weaknesses identified from housing co-operative D

The strengths and weaknesses identified from housing co-operative D is presented in Tables 5.109 and 5.110

TABLE 5.109: STRENGTHS IDENTIFIED

Strengths
Election of the Board members
Election of the committee members
High (77%) attendance at the general meetings
High (83%) attendance at the Board meetings
Saving scheme in place
Major decisions taking by the members at general meetings
Active participation of women
Allowing foreigners with permanent residence permits to become members

Table 5.109 shows the strengths identified from housing co-operative D. The strengths were the areas that the housing co-operative was good at and it is expected that strengths such as the high turn out in both the general meetings and the Board meetings should be sustained. This is because when there is large turn out at meetings, debates become robust and people tend to abide by the outcome of such meetings since they were involved in the process. It was also a good thing to have foreigners with permanent residence permits to become members, as this will create cross cultural integration amongst the members.

TABLE 5.110: WEAKNESSES IDENTIFIED

Weaknesses
Holding general meetings when necessary
Holding Board meetings when necessary
Having people with no regular source of income as members
No exit payment for the members
Finances under trust accounts
Non payment of charges by the members
Lack of awareness of the available training opportunities such as the SHF and SEDA training
Non auditing of account
Authorisation of funds by the chairperson and the person in-charge of finance

From Table 5.110, holding both general meetings and Board meetings when necessary was not a good sign in any organisation because the attitude of members might become lackadaisical. Payments are needed from members so as keep the housing co-operative afloat financially, but when members refused to pay the requisite fees, the financial sustainability becomes jeopardised that could lead to the housing co-operative becoming insolvent.

5.4.5 *Strengths and weaknesses identified from housing co-operative E*

The strengths and weaknesses identified from housing co-operative E is presented in Tables 5.111 and 5.112

TABLE 5.111: STRENGTHS IDENTIFIED

Strengths
Election of the Board members
Election of the committee members
High (100%) attendance at the Board meetings
Tenure of the Board members (3 years)
Tenure of the committee members (3 years)
Active participation of women
Major decisions taking by the members at general meetings

Table 5.111 shows the strengths identified from housing co-operative E. The strengths were the areas that the housing co-operative was good at and it is expected that strengths such as

allowing major decisions to be taken by the members at the general meetings will create an avenue devoid of suspicion. This will not be seen as an imposition on the members.

TABLE 5.112: WEAKNESSES IDENTIFIED

Weaknesses
Holding the general meetings when necessary
Holding the Board meetings when necessary
Having people with no regular source of income as members
No exit payment for the members
Non payment of charges by the members
Lack of awareness of the available training opportunities such as the SHF and SEDA training
Authorisation of funds by the chairperson and the person in-charge of finance
Having less than 50% of the members attending general meetings

From Table 5.112, some weaknesses were identified that could be impediments to the sustainability of the housing co-operatives when not checked and appropriate remedies proffered. For example, when there is no exit payment for the members leaving the housing co-operatives, this could discourage would be members from joining the housing co-operatives, thereby eroding the public confidence in co-operatives as a bastion of hope in the provision of houses for their members. In addition, holding both general meetings and Board meetings when necessary was not a good sign in any organisation because the attitude of members might become lackadaisical.

5.4.6 *Strengths and weaknesses identified from housing co-operative F*

The strengths and weaknesses identified from housing co-operative F is presented in Tables 5.113 and 5.114

TABLE 5.113: STRENGTHS IDENTIFIED

Strengths
Regular general meetings
Regular Board meetings
High turnout in general meetings
High turnout in Board meetings

Allowing foreigners with permanent residence permit to become members
Active participation of women
Having many committees
Major decisions taking by the members at general meetings
Election of the Board members
Election of the committee members

The above strengths in Table 5.107 were areas that housing co-operative F had comparative advantage, hence, it is expected to continue in the same line, so that over time, the strengths could become a culture that will continue to be nurtured. Strengths such as the high turn out in both the general meetings and the Board meetings should be sustained.

TABLE 5.114: WEAKNESSES IDENTIFIED

Weaknesses
Tenure of the Board members (>4 years)
No exit payment for the members due to lack of capital
Having people with no regular source of income as members
Non payment of charges by the members
Lack of awareness of the available training opportunities such as the SHF and SEDA training
Authorisation of funds by the chairperson and the person in-charge of finance

The above weaknesses are areas that housing co-operative F is expected to look into so that the growth and development of the housing co-operative will not be stunted. For instance, when the tenure of the Board members is more than 4 years as was the case here, it could be subject to abuse which could lead to acrimonious relationship between the Board members and the members of the housing co-operative. Having people with no regular source of income as members might cause serious problem for the housing co-operative thereby preventing the housing co-operative from meeting its financial obligation that could lead to insolvency.

5.5 Hypotheses Testing

Sheskin (2000: 25) states that inferential statistics makes use of data in two ways in order to draw inference about one or more populations. One of the ways, according to Sheskin (2000) is

to employ hypothesis testing; hypothesis is a prediction about a single population or about the relationship between two or more populations. In order to analyse the research hypotheses formulated in the study, there is the need, as pointed out by Sheskin (2000: 25), to restate them within the framework of two statistical hypotheses, which are null and alternative hypotheses. Sheskin (2000: 25) and Agresti and Franklin (2007: 369) indicate that null hypothesis (H_0) is a statement of no effect or no difference while the alternative hypothesis (H_1) represents statement of an effect or a difference.

To test the hypotheses, z test for a population proportion (P) was used. Sheskin (2000: 178) observes that there is no consensus among authors with regards to what the minimum acceptable sample size should be. However, Daniel (cited by Sheskin, 2000: 178) concludes that the sample size should be at least 12. Based on this, the sample size for this study met this requirement since the least sample size was 12.

In deciding whether to accept the null or alternative hypotheses, the values from the test statistic (z) and the critical values (from statistical tables) were generated. A decision is taken to accept the alternative hypothesis when the test statistic is higher than the critical value and vice versa for the null hypothesis at 5% significance level.

Decision rule is such that:

H_0 : $P_{agree} = 50$ (test statistic < critical value)

H_1 : $P_{agree} > 50$ (test statistic > critical value)

5.5.1 Hypothesis one

H_0 : The current legislative and policy frameworks of the various Government spheres (National, Provincial and Municipal) support housing co-operatives adequately.

H₁: The current legislative and policy frameworks of the various Government spheres

(National, Provincial and Municipal) do not support housing co-operatives adequately.

TABLE 5.115: ANALYSIS OF RESULTS TO TEST HYPOTHESIS ONE

Statements	N	p	p(hyp)	z	Critical	Decision
The Housing Act 107 of 1997 supports the growth of housing co-operatives	14	0.50	0.5	0.000	1.645	**
The 2009 Housing Code supports the growth of housing co-operatives	14	0.71	0.5	1.604	1.645	**
The National Government lacks commitment to develop the co-operative housing subsector	13	1.00	0.5	3.606	1.645	***
Housing co-operatives were not consulted in the formulation of housing legislation	14	0.86	0.5	2.673	1.645	***
The Social Housing Act 16 of 2008 supports the growth of housing co-operatives	15	0.60	0.5	0.775	1.645	**
Feedback is not provided to the Department of Human Settlements on legislation	15	1.00	0.5	3.873	1.645	***
The Government is not monitoring the activities of the housing co-operatives	15	0.80	0.5	2.324	1.645	***
The guidelines for the registration of Social Housing Institutions are beneficial to the housing co-operatives	15	0.60	0.5	0.775	1.645	**

**** Null hypothesis supported; *** Alternative hypothesis supported**

From Table 5.115 above, four of the statements support the null hypothesis and also the other four statements support the alternative. When evaluated on the basis of the decision rule set, it shows that the alternative hypothesis is rejected because only 50% of the statements support the alternative hypothesis. Hence, the current legislative and policy frameworks of the various Government spheres (National, Provincial and Municipal) support housing co-operatives adequately. Looking at each statement in the light of this conclusion, it was those areas that bordered on implementation that were statistically significant while those that bordered on legislative and policy formulations were not significant statistically.

Tables 5.14 and 5.15 showed that housing Act 107 of 1997 and the 2009 housing code do not support the growth of housing co-operatives due to the mean score value of 2.3 and 2.0

respectively. Table 5.21 showed that with a mean score of 2.2, the guidelines for the registration of SHIs were not beneficial to the housing co-operatives.

5.5.2 Hypothesis two

H₀: There is no lack of networking among the housing co-operatives and between the housing co-operatives and the apex body (SAHCA).

H₁: There is a lack of networking among the housing co-operatives and between the housing co-operatives and the apex body (SAHCA).

TABLE 5.116: ANALYSIS OF RESULTS TO TEST HYPOTHESIS TWO

Initiatives	N	p	p(hyp)	z	Critical	Decision
Participating in the activities of SAHCA	15	0.27	0.5	-1.807	1.645	**
Participating in SAHCA training	15	0.33	0.5	-1.291	1.645	**
Getting advice from SAHCA	15	0.20	0.5	-2.324	1.645	**
Financial contribution to SAHCA	14	0.36	0.5	-1.069	1.645	**
Bulk purchase of materials	13	0.92	0.5	3.051	1.645	***
Meeting with other housing co-operatives	14	0.14	0.5	-2.673	1.645	**
Assisting in the formation of other housing co-operatives	14	0.14	0.5	-2.673	1.645	**
Providing management assistance	13	0.31	0.5	-1.387	1.645	**
Providing financial assistance	13	0.85	0.5	2.496	1.645	***

**** Null hypothesis supported; *** Alternative hypothesis supported**

Only two of the initiatives support the alternative hypothesis and seven of the initiatives support the null hypothesis. Based on this, the null hypothesis is accepted, in other words, there is no lack of networking among the housing co-operatives and between the housing co-operatives and the apex body (SAHCA).

5.5.3 Hypothesis three

H₀: There are no bureaucratic bottlenecks which result in long lead time relating to the acquisition of land by housing co-operatives.

H₁: There are bureaucratic bottlenecks which result in long lead time relating to the

acquisition of land by housing co-operatives.

TABLE 5.117: ANALYSIS OF RESULTS TO TEST HYPOTHESIS THREE

Processes	N	p	p(hyp)	z	Critical	Decision
Identification of a suitable land	13	0.92	0.5	3.051	1.645	***
Obtaining well located land	12	1.00	0.5	3.464	1.645	***
Administration and procedures involved in the registration and transfer of the land	13	0.92	0.5	3.051	1.645	***
Lengthy land-use approval process	13	1.00	0.5	3.606	1.645	***

**** Null hypothesis supported; *** Alternative hypothesis supported**

Since all the processes in Table 5.117 support the alternative hypothesis because all the test static (z) are greater than the critical values of (z). Hence, the alternative hypothesis is supported, that is, there are bureaucratic bottlenecks which result in long lead time relating to the acquisition of land by housing co-operatives.

5.5.4 Hypothesis four

H₀: A lack of understanding does not exist as a result of inadequate information among government officials responsible for housing delivery and the public in the application of co-operative housing as a delivery approach.

H₁: A lack of understanding exists as a result of inadequate information among government officials responsible for housing delivery and the public in the application of co-operative housing as a delivery approach.

TABLE 5.118: ANALYSIS OF RESULTS TO TEST HYPOTHESIS FOUR

Actions	N	p	p(hyp)	z	Critical	Decision
Approval of the subsidy by Government	15	0.73	0.5	1.807	1.645	***
Approval of the land by Government	15	0.93	0.5	3.357	1.645	***
Accepting the co-operative housing approach by the officials of government	15	0.73	0.5	1.807	1.645	***
Membership drive by the co-operative	14	0.14	0.5	-2.673	1.645	**
Getting people to key into the project by the co-operative	13	0.08	0.5	-3.051	1.645	**
Refusal to pay the monthly charges by the members	13	0.92	0.5	3.051	1.645	***

Accepting the co-operative housing approach by the public	14	0.14	0.5	-2.673	1.645	**
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**** Null hypothesis supported; *** Alternative hypothesis supported**

Table 5.118 above indicates that three of the actions support the null hypothesis while four of the actions support the alternative hypothesis. The alternative hypothesis is deemed to be supported by the actions indicating that a lack of understanding exists as a result of inadequate information among government officials responsible for housing delivery and the public in the application of co-operative housing as a delivery approach.

5.5.5 Hypothesis five

H₀: Inadequate training of co-operative members in leadership positions does not lead to a lack of administrative and management capabilities in the processes and operations of housing co-operatives.

H₁: Inadequate training of co-operative members in leadership positions leads to a lack of administrative and management capabilities in the processes and operations of housing co-operatives.

TABLE 5.119: ANALYSIS OF RESULTS TO TEST HYPOTHESIS FIVE

Factors	N	p	p(hyp)	z	Critical	Decision
Training delivered by SAHCA	14	0.36	0.5	-1.069	1.645	**
Training delivered by the Small Enterprises Development Agency (SEDA)	14	1.00	0.5	3.742	1.645	***
Training by the Social Housing Foundation (SHF)	15	0.87	0.5	2.840	1.645	***
Your educational qualifications	14	0.07	0.5	-3.207	1.645	**
Continuous support from SAHCA	14	0.36	0.5	-1.069	1.645	**
Continuous support from SHF	14	0.86	0.5	2.673	1.645	***
Continuous support from the municipality	14	1.00	0.5	3.742	1.645	***
Qualifications of the person in-charge of finances	12	0.25	0.5	-1.732	1.645	**

**** Null hypothesis supported; *** Alternative hypothesis supported**

Since only 50% of the factors support the alternative hypothesis, it is rejected. Hence, inadequate training of co-operative members in leadership positions does not lead to a lack of administrative and management capabilities in the processes and operations of housing co-operatives. All the factors bordering on SHF, SEDA and municipality were statistically significant, implying that if they were the only factors being considered, the alternative hypothesis would have been supported.

5.5.6 Hypothesis six

H₀: Unfavourable socio-economic conditions do not result in difficulties relative to access and mobilization of funds.

H₁: Unfavourable socio-economic conditions result in difficulties relative to access and mobilization of funds.

TABLE 5.120: ANALYSIS OF RESULTS TO TEST HYPOTHESIS SIX

Factors	N	p	p(hyp)	z	Critical	Decision
Interest rate	14	0.71	0.5	1.604	1.645	**
Stringent conditions	14	0.93	0.5	3.207	1.645	***
Unfavourable repayment period	14	0.79	0.5	2.138	1.645	***
Unwillingness of the banks to grant mortgage loans	13	0.85	0.5	2.496	1.645	***
Unwillingness of the National Housing Finance Corporation (NHFC) to provide loans	14	0.79	0.5	2.138	1.645	***
Undue interference by the donor agency	14	0.57	0.5	0.535	1.645	**

**** Null hypothesis supported; *** Alternative hypothesis supported**

More than 50% of the factors support the alternative hypothesis hence the null hypothesis is rejected. Therefore, the hypothesis that unfavourable socio-economic conditions result in difficulties relative to access and mobilization of funds, is supported by the data.

5.5.7 Hypothesis seven

H₀: Inadequate knowledge and implementation of co-operative housing models among implementing agencies due to preference for other tenure options.

H₁: Inadequate knowledge and implementation of co-operative housing models among implementing agencies due to preference for other tenure options.

TABLE 5.121: ANALYSIS OF RESULTS TO TEST HYPOTHESIS SEVEN

Method	Yes (%)	No (%)
Value of share is paid back	8.3	91.7
Value of share and improvement made to the building is paid back	-	91.7
Only the value of improvement made to the building is paid back	-	91.7
Valid number	12	

From Table 5.121 above, 91.7% of the respondents claimed that:

- The value of the share was not paid back to a member who decided to leave any of the housing co-operatives;
- The value of the share and the improvement made to the building were not paid to a member that left any of the housing co-operatives and
- The value of the improvement made to the building was not paid back when a member left any of the housing co-operatives.

Based on the above statements, the majority of the housing co-operatives in South Africa are of the no equity-like type of housing co-operatives (collectively owned tenure) since nothing is given to a member that leaves any of the housing co-operatives. Since other models of co-operatives were not explored by the housing co-operatives as a result of their limited knowledge brought about by the implementing agencies, the alternative hypothesis is supported.

5.6 Analysis of the Strategies, using the Cronbach's Alpha Reliability Coefficient Tests

Due to the size of the sample, factor analysis could not be conducted on the strategies identified but the strategies were however categorised into four factors and Cronbach's alpha reliability coefficient tests were conducted. This is to determine the level of correlation among the variables in each categorisation (factor). The responses from both the chairpersons and the members were used in the analysis.

According to Gliem and Gliem (2003: 87), Cronbach's alpha reliability coefficient usually ranges between 0 and 1. The closer the Cronbach's alpha coefficient is to 1, the greater the internal consistency of the items in the scale. Gliem and Gliem (2003: 87) conclude that there is actually no lower limit to the coefficient. George and Mallery (cited by Gliem & Gliem, 2003: 87) provide the following rules of thumb in the interpretation of Cronbach's alpha coefficient:

- > .9 – Excellent;
- > .8 – Good;
- > .7 – Acceptable;
- > .6 – Questionable;
- > .5 – Poor and
- < .5 – Unacceptable.

In this study, the closer the Cronbach's alpha coefficient is to 1, the greater the level of correlation.

TABLE 5.122: ANALYSIS OF STRATEGIES BY MEANS OF THE CRONBACH ALPHA RELIABILITY COEFFICIENT

Strategies				
POLICY & LEGISLATION	ITC	AID	CA	DECISION
Government should establish an institutional framework that allows rapid and efficient registration of housing co-operatives	0.49	0.87	0.86	Good

Government should consult with housing co-operatives in the formulation of policies and legislation that are applicable to them	0.62	0.84		
Government should promote community empowerment through appropriate legislation	0.80	0.79		
Creation & implementation of appropriate policies and legislation by government	0.72	0.81		
Government should provide the political environment that supports the development and growth of housing co-operatives	0.76	0.81		
SUPPORT SERVICES				
	ITC	AID	CA	DECISION
Government should facilitate housing co-operatives to access support services	0.78	0.89	0.90	Excellent
Financial institutions should develop financing instruments that are beneficial to housing co-operatives	0.78	0.89		
The housing sector should be supportive of housing co-operatives	0.87	0.81		
EDUCATION, TRAINING & INFORMATION				
	ITC	AID	CA	DECISION
Government should encourage the development of housing co-operatives	0.75	0.79	0.85	Good
Government should respect the autonomous nature of housing co-operatives	0.67	0.83		
Government should promote the development of technical skills of the members	0.75	0.79		
Government should disseminate information on co-operative housing	0.64	0.84		
GOVERNANCE				
	ITC	AID	CA	DECISION
Housing co-operatives should put in place well defined management and organisational structures	0.86	0.84	0.9	Excellent
Housing co-operatives should network with other stakeholders such as the apex body of co-operatives and NGOs for their development	0.86	0.84		
Exhibition of high level of commitment by all stakeholders involved in co-operative housing	0.63	0.93		
Regular training and education of members by housing co-operatives	0.79	0.87		

ITC-Item total correlation; AID-Alpha if deleted and CA-Cronbach's alpha

5.7 Analysis of Variance Results

The data used in the Cronbach's alpha reliability coefficient tests were derived from three groups (the chairpersons and members of two different housing co-operatives). It became imperative to compare the mean values from these groups, using analysis of variance

(ANOVA) at a 5% significance level. ANOVA, according to Field (2009: 348 & 350), is a statistical tool used in analysing situations when there are more than two conditions to compare. Hence, it is a method of comparing the ratio of systematic variance to unsystematic variance in a study. This ratio as stated by Field (2009: 358) is called F-ratio.

TABLE 5.123: ANOVA RESULTS

Factors	N	Mean	Test statistic (F)	Probability (P) at 5%
Policy and legislation	31	4.43	7.20	0.00300
Support services	31	4.46	8.00	0.00178
Education, training & information	31	4.44	23.12	0.00000
Governance	31	4.49	8.87	0.00104

From Table 5.123 above, since all the values of the test statistic (F) are greater than 0.05, it shows that the group means are significantly different at a 5% significance level. The ANOVA conducted only indicated whether there was a difference in the means of the variables and not where the differences lie, further test was therefore required. The researcher was only interested in exploring the data for any differences between groups, when considering the mean values. Tukey post hoc comparisons (when no specific hypotheses are to be tested) were conducted (Field, 2009: 361 & 372).

The results showed that the differences occurred between the chairpersons' group and one of the members' groups for both policy and legislation and governance factors. Other differences occurred between the chairpersons' group and the two members' groups for education, training and information and support services factors.

5.8 Matrix of the Study

Table 5.124 below is the matrix of the way the empirical study was conducted. The table shows the relationship between the questions and the sub-problems on one hand and the objectives on the other hand.

TABLE 5.124: MATRIX OF THE QUESTIONS, THE SUB-PROBLEMS AND THE OBJECTIVES OF THE STUDY

QUESTIONNAIRE FOR THE CHAIRPERSON											
QUE	SP ₁	SP ₂	SP ₃	SP ₄	SP ₅	SP ₆	SP ₇	OBJ ₁	OBJ ₂	OBJ ₃	DELIM
1.1-1.8	X										
2-3								X			
4											X
5-14								X			
15.1-15.4		X									
16.1-16.8					X						
17.1-17.6						X					
18				X							
19.1-19.3				X							
20				X							
21.1-21.4				X							
22.1-22.4			X								
23.1-23.3							X				
24.1-24.5		X									
25.1-25.2							X				
26.1-26.15									X	X	
INTERVIEW SESSION											
QUE	SP ₁	SP ₂	SP ₃	SP ₄	SP ₅	SP ₆	SP ₇	OBJ ₁	OBJ ₂	OBJ ₃	DELIM
3								X			
4		X			X						
5-8								X			
9						X		X			
10									X		
QUESTIONNAIRE FOR THE MEMBERS											
QUE	SP ₁	SP ₂	SP ₃	SP ₄	SP ₅	SP ₆	SP ₇	OBJ ₁	OBJ ₂	OBJ ₃	DELIM
4.1-4.14								X			
5.1-5.15									X	X	
6	X	X	X	X	X	X	X	X	X	X	X

QUE-Question; SP₁₋₇-Sub-problems 1-7; OBJ₁₋₃-Objectives 1-3, DELIM-Delimitation

CHAPTER SIX

PROPOSED FRAMEWORK

6.0 Proposed Framework

Based on the Cronbach's alpha reliability coefficient tests conducted as shown in Table 5.122, the proposed framework in Figure 6.1 was developed. The essence of the framework is to advance the roles expected from the role players and the relationship among the role players in achieving sustainable housing co-operatives based on the strategies identified. The framework is about who does what, where and the output expected from those actions. The strategies are interrelated as shown by the linking arrows; without an enabling policy and legislative framework for instance, it will be difficult for the support services to be successful. The same interrelationship is also displayed among the outputs as shown in Figure 6.1 below.

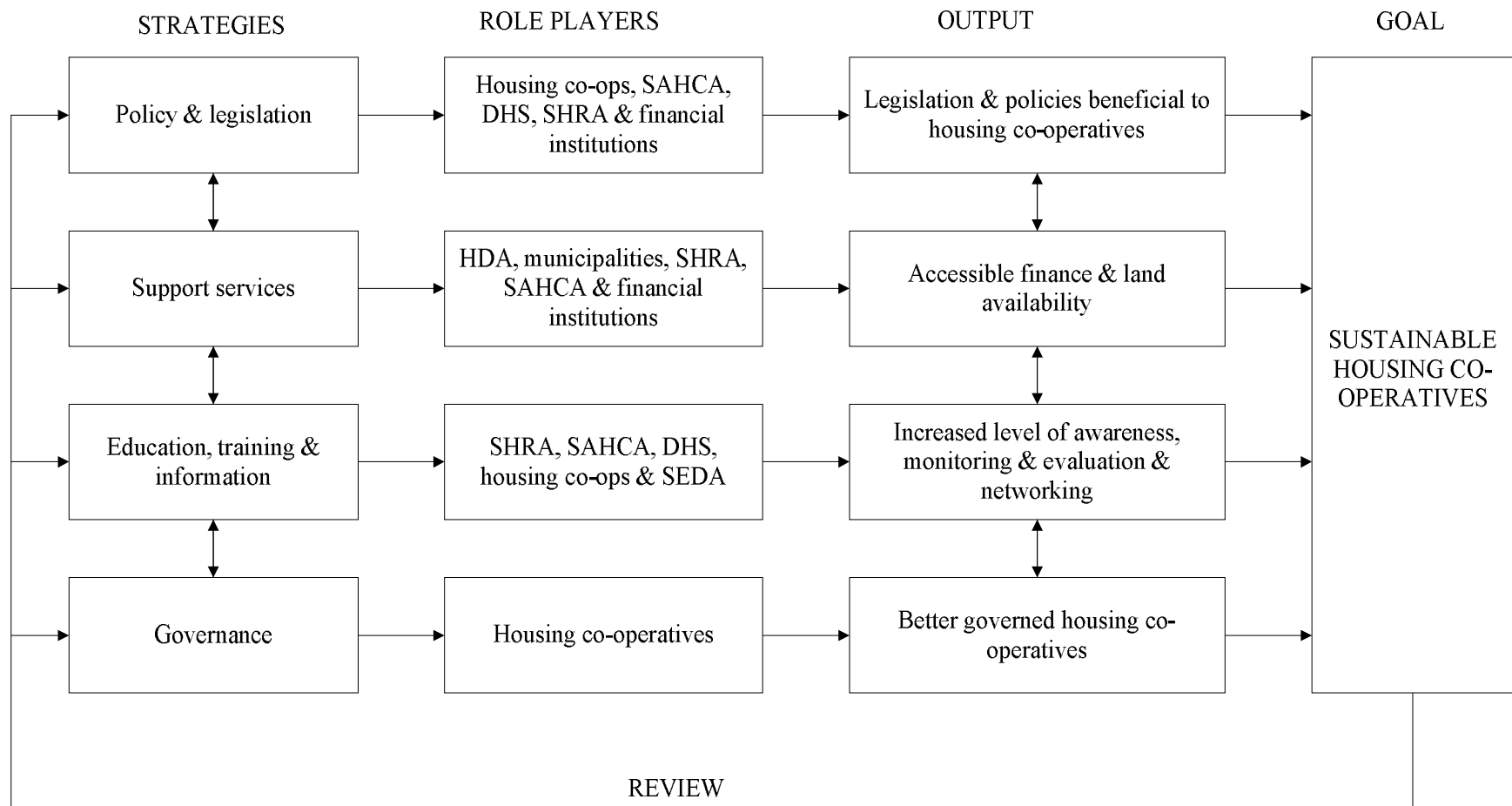


FIGURE 6.1: COMPONENTS OF STRATEGY IMPLEMENTATION PROCESS.

6.1 Components of the framework

The following four (4) factors based on the Cronbach's alpha reliability coefficient tests constitute the components of the proposed framework.

6.1.1 Policy and legislation

The lack of legislative framework for co-operative housing, according to the Mayor of London (2004: 19), has created difficulties for the establishment and administration of housing co-operatives in the UK. The situation in South Africa for the low number of housing co-operatives may be because the environment is not suited to the co-operative housing approach (Rust, 2001: 149). According to UN-Habitat (2006c: 163), the environment where housing co-operatives operate must be conducive for housing co-operatives to be successful. This can be achieved when there is a positive policy climate at the national level that accepts the efforts of housing co-operatives in mobilising resources for housing delivery. To implement this, as stated by UN-Habitat (2006c: 163), there is the need for appropriate legislation and other enabling instruments. Eglin (2008: 45) observes that housing co-operatives are not treated as non profit organisation based on the Non Profit Organisation Act 71 of 1997. To this end, housing co-operatives does not qualify for tax exemption because co-operatives are classified as enterprises that should be making profit.

Before coming up with the 1994 White Paper on Housing, a wide spectrum of bodies and people were consulted. In the same vein, for legislation and policies that are beneficial to all the housing co-operatives in South Africa, bodies such SAHCA, housing co-operatives, all the spheres of Department of Human Settlements (National, Provincial and Municipal), SHRA and financial institutions have to come together in a forum to forge a common front.

This will bring about a robust debate that is all inclusive, leading to the general acceptability of the end product which may be in the form of a policy or legislation.

6.1.2 Support services

According to UN-Habitat (2006c: 164), support services should be in the areas of land acquisition and sourcing and provision of finance among other services. The approach adopted by countries such as Egypt, Czechs Republic, Portugal and Pakistan on the issues of land and finances to housing co-operatives, as highlighted in Table 3.5D is worth emulating in South Africa. Apart from this, in Zimbabwe, according to Mubvami and Kamete (2001: 37 & 83), housing co-operatives are able to access land ahead of others and that some municipalities give free land as an incentive to housing co-operatives to encourage them. The missing link here is that once the government in power is no longer there and the next one is not sympathetic to the same cause, the incentive may be stymied. Hence, to prevent this happening, it has to be backed by appropriate legislation. Similarly, the Government of India gives concessions to the housing co-operatives in areas such as land allocation and credit due to the acknowledged role played by the housing co-operatives in meeting the housing needs of the urban poor (UN-Habitat, 2011a: 48).

Based on the above, there is the need for close collaboration among the Housing Development Agency (HDA) (whose objective is to release land for residential purposes), municipalities, SHRA and SAHCA to have a workable plan that will be beneficial to the housing co-operatives on land acquisition. In a related development, financial institutions such as banks, the National Urban Reconstruction and Housing Agency (NURCHA) and the NHFC should also collaborate with SHRA and SAHCA to come up with financial

instruments that housing co-operatives will be able to relate to with regards to making finance available and affordable.

UN-Habitat (2011b: 51) states that the housing finance sector exists within the larger macroeconomic framework that is subjected to market forces and that there is the need for policy makers to have a better understanding of these forces in order to have a vibrant housing finance sector. Hence, to make the housing finance sector to be virile, UN-Habitat (2011b: 51-54) advocates the following measures that the government can put in place to support lending:

- Getting the macroeconomic environment right;
- Getting the housing supply picture right;
- Encouraging the existing lenders to extend their mortgage loans downmarket by subsidising the elements that usually impede participation such as the high administration costs involved when working with low income people;
- Promotion of alternative forms of housing finance such as community-based self-finance, housing microfinance and other non-mortgage products; and
- Collecting, analysing and distributing data about the housing needs and affordability variables of people within the country.

6.1.3 Education, training and information

In the absence of education, training opportunities and information, according to the Mayor of London (2004: 19), the public is prevented from looking at the potentials that the co-operative housing approach has in meeting their housing needs. On the part of the housing co-operatives, when there is poor quality induction, education and training sessions for the members, as stated by the Mayor of London (2004: 20), the resultant effect will be a lack of

understanding on what constitutes co-operatives, the functions, the responsibility and obligations of the members thereby creating a shaky co-operative's ideology. Rodgers (1999: 14) opines that keeping members informed is *sine qua non* to getting the members involved. Rust (2001: 167) states that education in housing co-operatives can take any of the forms highlighted below:

- Creating awareness of the co-operative housing approach;
- Creating processes that enable role players to become advocates of the co-operative housing approach in the work they do; and
- Setting Key Performance Indicators (KPIs) so that the progress of the subsector can be monitored.

Therefore, it behoves on SHRA, SAHCA, SEDA, all the spheres of Department of Human Settlements (municipal, provincial and national) and the housing co-operatives to be the driver of this component of the proposed framework.

6.1.4 Governance

The Co-operative Housing Federation (CHF, 2009: 5) states that governance has to do with the way in which a housing co-operative is positioned in terms of policy setting, adopting budgets, supervising management and making sure that the housing co-operative is able to meet the needs of the members. Governance, according to CHF (2009: 5), is the job of the Board and the members who elect the Board.

Governance, as stated by CHF (2010: 5) is usually propelled by the following:

- An explicit understanding of what Board members are expected to do;
- The expertise to carry it out; and

- The values that put the interests of the housing co-operative and the members above other interests.

The Mayor of London (2004: 19-20) indicates that the inability of housing co-operatives to distinguish between control and management sometimes results in failure. To this end, the Mayor of London (2004: 20) and the CHF (2010: 7) are of the opinion that employing staff or involving management companies is better most of the time rather than having voluntary self management. According to the CHF (2009: 4), being a housing co-operative is not predicated on the person in-charge of management. The CHF (2009: 5) indicates that some housing co-operatives have benefitted from the use of committees, while others have not especially in areas such as finance, maintenance and members turnover. In all, there is no rule of thumb, it boils down to what works best but however, forming committees should be predicated on the following questions as stated by CHF (2009: 5):

- Do committees get the job done well every time?
- Do committees get the work done when it needs doing?

According to the CHF (2009: 5), if the response to the above questions is not positive all the time, relying on committees to run the housing co-operative will have to be re-examined. The CHF (2010a: 4) advocates that committees need not be a permanent idea in the housing co-operatives governance structures because what is important is the outcome and not the structure.

Members are expected to support good governance in their various housing co-operatives, without supporting good governance, sustainable housing co-operatives will be a mirage. The CHF (2010: 25) highlights the following requirements for members' participation to support good governance apart from their legal requirements:

- Understanding the meaning of good governance;

- Learning about the values and principles of co-operatives;
- Actively participating in members' meetings;
- Applying the principles of good governance in any committee work they may be doing;
- Electing Board that will put the needs of the members ahead of other needs; and
- Supporting education and training opportunities for the members.

In a nutshell, housing co-operatives can only become sustainable when the right people are elected to govern and the members support the elected members or when a management is appointed for this purpose.

CHAPTER SEVEN

CONCLUSIONS AND RECOMMENDATIONS

7.0 Introduction

This chapter highlights the conclusions drawn arising from the study and based on these conclusions, recommendations are made to mitigate the main problem that led to the study in the first place. The problem identified was that co-operative housing as a mechanism for delivering housing for poor households has not been successfully implemented in South Africa. Therefore strategies had to be developed.

7.1 Conclusions

Based on the literature review and the empirical findings, the co-operative housing approach has not been successfully implemented by all the role players in South Africa, through acts of omission or commission. The following conclusions could be made from the findings:

- The greatest impediment to the growth and development of the co-operative housing approach is the ‘forced marriage’ with the rental option provided by the Social Housing Institutions in all social housing legislation and policies.
- The membership of the housing co-operatives is not voluntary (one of the co-operative principles is that it should be open and voluntary) as should have been the case due to the criteria created by the government in accessing the institutional subsidy. As a result of this, many people have been shut out of the approach.
- The co-operative housing approach is used only as an appendage in all social housing policy and legislative documents thereby stymieing the growth of the subsector.
- The National Government lacks commitment to develop the co-operative housing subsector.
- Housing co-operatives were not consulted in the formulation of housing legislation.

- As a result of the lack of monitoring of the activities of housing co-operatives, feedback is not provided to the Department of Human Settlements on the implementation of housing legislation especially with regards to co-operative housing.
- Networking among housing co-operatives does not include bulk purchase of materials, which could have reduced the total cost of the materials.
- Housing co-operatives are not granted any concession in relation to land acquisition, thereby creating a bureaucratic bottleneck that has resulted in long lead time relating to the acquisition of land.
- A lack of understanding exists as a result of inadequate information among government officials responsible for housing delivery and the public in the application of co-operative housing as a delivery approach. This lack of understanding has resulted in the stunted growth in the co-operative housing subsector occasioned by challenges in the areas of:
 - Approval of the subsidy by Government;
 - Approval of the land by Government;
 - Accepting the co-operative housing approach by the officials of government; and
 - Refusal to pay the monthly charges by the members.
- Inadequate training of co-operative members in leadership positions leads to a lack of administrative and management capabilities in the processes and operations of housing co-operatives. This is brought about as a result of lack or inadequate:
 - Training delivered by the Small Enterprises Development Agency (SEDA);
 - Training by the Social Housing Foundation (SHF);
 - Continuous support from SHF; and
 - Continuous support from the municipalities.

- Difficulties relative to access and mobilization of funds are necessitated by the following factors:
 - Stringent conditions;
 - Unfavourable repayment period;
 - Unwillingness of the banks to grant mortgage loans; and
 - Unwillingness of the National Housing Finance Corporation (NHFC) to provide loans.
- Since other models of co-operative housing such as community land trust and restrictive deed were not explored by the housing co-operatives as a result of their limited knowledge brought about by the implementing agencies, little room is left for manoeuvring.
- Due to the non classification of housing co-operatives under the Non Profit Organisation Act 71 of 1997, housing co-operatives do not qualify for tax exemption and incentives because co-operatives generally are classified as business enterprises that should be making profits.
- Allowing people that are unemployed or that do not have regular source of income at this stage in the housing co-operatives may not be a good strategic decision as funds from the members are needed for the sustainability of the housing co-operatives.
- As a result of the fact that the majority of housing co-operatives are the no equity-like type, the confidence of would be members may be eroded, thereby making lesser people to be interested in becoming members of housing co-operatives.

7.2 Recommendations

Based on the conclusions from the findings, the following recommendations are made for the development, growth and sustainability of housing co-operatives in South Africa.

7.2.1 The spheres of Government

- Regular monitoring of housing co-operatives by SHRA and SAHCA to ascertain the level of implementation and compliance of policies and legislation on co-operative housing with a view to creating a databank for feedback on the activities of the housing co-operatives.
- There should be a redefinition of what constitutes social housing in order to give equal opportunities to people involved in both the rental (as provided by the SHIs) and co-operative housing options.
- It is incumbent on the National Government to provide a level playing field for the general public that may want to use the co-operative housing approach in realising their housing needs. To this end, the creation of subsidy options that will encourage all interested members of the public to adopt co-operative housing should be in place.
- There should be specific policy and legislative frameworks in place for co-operative housing in order to fast track the sustainability of housing co-operatives.
- More commitment is needed from all the spheres of government regarding the development of co-operative housing subsector. The object of all the delivery approaches is the same.
- Government land should be subsidised for the housing co-operatives and in addition to this, priority should always be given to the housing co-operatives in the acquisition of well located land owned by the government.
- Agencies such as SEDA and SHRA should be better positioned in order to be able to provide training and support for housing co-operatives in their day to day activities.

- Banks should be encouraged by government to grant loans to housing co-operatives with flexible repayment periods and low interest rates. Government can guarantee such loans so that banks risk level can reduce.

7.2.2 *SAHCA and the housing co-operatives*

- There is no better way to support a policy than to have the beneficiaries' members participating in policy formulation processes. As a result of the input from the beneficiaries, implementing such policies will not be difficult, as people will find it easy to relate to the policy and nurture it to fruition.
- Collaboration of the housing co-operatives should not be limited to information sharing but extended to cover procurement of materials in bulk in order to reduce the total cost. To this end, SAHCA should lobby government to either reduce or remove value added tax from group procurement by housing co-operatives.
- In addition to the above, efforts should be intensified by SAHCA for the inclusion of housing co-operatives in the Non Profit Organisation Act 71 of 1997 in order to qualify for tax exemption.
- Education and information dissemination are key to the formation and sustainability of the housing co-operatives. Both the public and the government officials responsible for the implementation of policy and legislation on housing should be well informed about the workings of housing co-operatives in order to create conducive environment for the growth of housing co-operatives.
- The future of the various housing co-operatives is important, therefore, it will make good economic sense to have as members, people that are employed and have regular source of income.

- The no equity-like type of housing co-operative tenure is antithetical to the growth, development and sustainability of housing co-operatives; hence, other models of housing co-operatives such as community land trust should be explored.

7.3 Contribution to Knowledge

The following are the areas that the study has been able to contribute to knowledge.

- An attempt has been made to reduce the paucity of materials in South Africa for this area of research; most of the previous works were carried out by the Social Housing Foundation (an agency of the Department of Human Settlements) and NGOs responsible for the formation of some of the housing co-operatives. Little has been done in the Universities around the country; hence this study will contribute to the information emerging regarding the co-operative approach to housing.
- The proposed framework will go a long way in creating sustainability in the co-operative housing subsector if all the role players are committed towards the success of the subsector.
- The use of SWOT analysis, which is considered by some to be the exclusive preserve of those in the corporate business world, is an impetus to research in housing.
- The research paradigm adopted is still emerging and as such construction management (as a discipline) and the Built Environment will be added to the various disciplines advocating for the recognition of the paradigm, due to its inherent advantages in research.

7.4 Areas for Further Study

- Comparative study should be undertaken between housing co-operatives and the National Association of Social Housing Organisations with a view to determining the competitive advantages of these Social Housing Institutions.
- The contributions to the co-operative housing approach by all the Department of Human Settlements at the National, Provincial and Municipal levels should be studied.
- Financial institutions should be studied to determine the extent to which their various instruments support the co-operative housing approach and also the extent of loans granted over the years.
- The case studies should be replicated in other provinces.
- Research should be conducted to contribute to the implementation of co-operative housing policies and how they can be managed most effectively and efficiently in the South African context.

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11 May 2011

The Chairperson,

Dear Sir/Madam

RE: SUSTAINABLE STRATEGIES FOR HOUSING CO-OPERATIVES IN SOUTH AFRICA.

I am a PhD candidate in the Construction Management Department, Faculty of Engineering, Built Environment and Information Technology, Nelson Mandela Metropolitan University, Port Elizabeth, conducting research on Sustainable Strategies for Housing Co-operatives in South Africa.

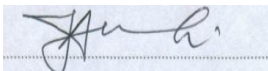
The research is aimed at studying housing co-operatives with a view to determining the success of co-operative housing as a housing delivery mechanism in South Africa and benchmarking this with international best practice to ensure the sustainability of housing co-operatives.

It will be appreciated if you could support this research by completing the attached questionnaire. It will take approximately 20 minutes to complete. Please be assured that all information given will be treated with utmost confidence.

Find enclosed a self-addressed envelope for the return of the completed questionnaire. The completed questionnaire should be **returned on or before 6 June 2011**.

Should any query arise, you can contact Mr Richard Jimoh on cell number 073 993 6310 or via e-mail at s210002980@live.nmmu.ac.za

Thank you in anticipation.



Richard Jimoh
PhD (Construction Mgt) Candidate

Professor JJ van Wyk
Promoter

23 May 2011

Dear Sir/Madam

RE: SUSTAINABLE STRATEGIES FOR HOUSING CO-OPERATIVES IN SOUTH AFRICA.

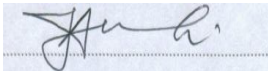
I am a PhD candidate in the Construction Management Department, Faculty of Engineering, Built Environment and Information Technology, Nelson Mandela Metropolitan University, Port Elizabeth, conducting research on Sustainable Strategies for Housing Co-operatives in South Africa.

The research is aimed at studying housing co-operatives with a view to determining the success of co-operative housing as a housing delivery mechanism in South Africa and benchmarking this with international best practice to ensure the sustainability of housing co-operatives.

It will be appreciated if you could support this research by completing the attached questionnaire. It will take approximately 10 minutes to complete. Please be assured that all information given will be treated with utmost confidence.

Should any query arise, you can contact Mr Richard Jimoh on cell number 073 993 6310 or via e-mail at s210002980@live.nmmu.ac.za

Thank you in anticipation.



Richard Jimoh
PhD (Construction Mgt) Candidate

Professor JJ van Wyk
Promoter

27 June 2011

The Chairperson,

Dear Sir/Madam

RE: SUSTAINABLE STRATEGIES FOR HOUSING CO-OPERATIVES IN SOUTH AFRICA.

I am a PhD candidate in the Construction Management Department, Faculty of Engineering, Built Environment and Information Technology, Nelson Mandela Metropolitan University, Port Elizabeth, conducting research on Sustainable Strategies for Housing Co-operatives in South Africa.

The research is aimed at studying housing co-operatives with a view to determining the success of co-operative housing as a housing delivery mechanism in South Africa with a view to drawing up strategies that will ensure the sustainability of the housing co-operatives.

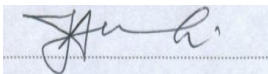
A copy of this questionnaire was earlier sent to you on 11 May 2011, may be it was not delivered or it has been misplaced, another copy is hereby attached. Your completing the questionnaire will increase the response rate and the validity of the study. Hence, your support by way of completing the attached questionnaire will be appreciated highly.

It will take approximately 20 minutes to complete. Please be assured that all information given will be treated with utmost confidence.

Find enclosed a self-addressed envelope for the return of the completed questionnaire or **fax to 041 504 2345**. The completed questionnaire should be **returned on or before 20 July 2011**.

Should any query arise, you can contact Mr Richard Jimoh on cell number 073 993 6310 or via e-mail at s210002980@live.nmmu.ac.za

Thank you in anticipation.



Richard Jimoh
PhD (Construction Mgt) Candidate

Professor JJ van Wyk
Promoter

APPENDIX A

SUSTAINABLE STRATEGIES FOR HOUSING CO-OPERATIVES IN SOUTH AFRICA
QUESTIONNAIRE FOR THE CHAIRPERSON OF BOARD OR EXECUTIVE OFFICER

NAME: _____

POSITION HELD: CHAIRPERSON () EXECUTIVE OFFICER () **Please, mark 'X' in one of the options**

NAME OF THE HOUSING CO-OPERATIVE: _____

ADDRESS: _____

TELEPHONE: _____ E-mail _____

YEARS OF EXPERIENCE IN CO-OPERATIVE _____

HIGHEST EDUCATIONAL QUALIFICATION (Please tick one):

Matric	Diploma	Bachelor Degree	Honours Degree	Masters Degree	Doctorate	Other (please specify)

AGE GROUP (Please tick one):

15-25 years	26-35 years	36-45 years	46-55 years	Above 55 years

1. On a scale of 1 (strongly disagree) to 5 (strongly agree), to what extent do you agree with the following statements?

	Statements	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
1.1	The Housing Act 107 of 1997 supports the growth of housing co-operatives					
1.2	The 2009 Housing Code supports the growth of housing co-operatives					
1.3	The National Government lacks commitment to develop the co-operative housing subsector					
1.4	Housing co-operatives were not consulted in the formulation of housing legislation					
1.5	The Social Housing Act 16 of 2008 supports the growth of housing co-operatives					
1.6	Feedback is not provided to the Department of Human Settlements on legislation					
1.7	The Government is not monitoring the activities of the housing co-operatives					
1.8	The guidelines for the registration of Social Housing Institutions are beneficial to the housing co-operatives					

2. Categorise the number of employees in terms of the following parameters

Total number of employees	Full time	Part time	Casual	Volunteerism	Other, please specify

3. Categorise the members in terms of the following parameters by indicating the number of each group

Total members	Male	Female	Africans	Coloureds	Indians	Whites

4. Indicate the number of households in your co-operative who falls within each one of the following gross joint household income categories

R0 – R3500	R3510 – R7000	R7010 – R15000	>R15000

5. Please indicate at what interval(s) and what amount(s) members are expected to contribute to obtain shares in the co-operative? More than one option may be selected

Interval	R0-R500	R501-R1000	R1001-R1500	Above R1500
When joining the co-operative				
Monthly				
Quarterly				
Annually				

6. Please indicate at what interval(s) and what amount(s) are members expected to contribute as membership fee in the co-operative? More than one option may be selected

Interval	R0-R250	R251-R500	R501-R1000	Above R1000
When joining the co-operative				
Monthly				
Quarterly				
Annually				

7. How much is a member expected to contribute as rent?

R0-R500	R501-R1000	R1001-R1500	Above R1500	Other charges

8. How often do members meet?

Once a month	Quarterly	Every six months	When it is necessary	Others, please specify

9. What is the average number of the members that usually attend a meeting?

10. How do you communicate with the members and how effective is each method? Please mark all the options that are applicable

Communication mode	Not effective	Rarely effective	Sometimes effective	Effective	Very effective
Verbal messages					
Written letters					
Telephonic					
Notice board at the office					
Newsletters					
E-mails					
Other, please specify					

11. How often do Board Members meet?

Once a month	Quarterly	Every six months	When it is necessary	Other, please specify

12. What is the total number of the Board Members?

13. What is the average number of the members that usually attend a meeting?

14. How do you communicate with the Board Members and how effective is each method? Please mark all the options that are applicable

Communication mode	Not effective	Rarely effective	Sometimes effective	Effective	Very effective
Verbal messages					
Written letters					
Telephonic					
Notice board at the office					
Newsletters					

E-mails					
Other, please specify					

15. On a scale of 1 (no extent) to 5 (to a large extent) to what extent is your co-operative involved with the following initiatives of the South Africa Housing Co-operatives Association (SAHCA)?

	Initiatives	No extent	Little extent	Unsure	High extent	Very large extent
15.1	Participating in the activities of SAHCA					
15.2	Participating in SAHCA training					
15.3	Getting advice from SAHCA					
15.4	Financial contribution to SAHCA					

16. On a scale of 1 (no benefit) to 5 (very high benefit), to what extent does your co-operative benefit from the following factors?

	Factors	No benefit	Little benefit	Unsure	High benefit	Very high benefit
16.1	Training delivered by SAHCA					
16.2	Training delivered by the Small Enterprises Development Agency (SEDA)					
16.3	Training by the Social Housing Foundation (SHF)					
16.4	Your educational qualifications					
16.5	Continuous support from SAHCA					
16.6	Continuous support from SHF					
16.7	Continuous support from the municipality					
16.8	Qualifications of the person in-charge of finances					

17. On a scale of 1 (no effect) to 5 (very high effect), to what extent do the following factors affect your access to funds from the financial institutions in South Africa?

	Factors	No effect	Little effect	Unsure	High effect	Very high effect
17.1	Interest rate					
17.2	Stringent conditions					
17.3	Unfavourable repayment period					
17.4	Unwillingness of the banks to grant mortgage loans					
17.5	Unwillingness of the National Housing Finance Corporation (NHFC) to provide loans					
17.6	Undue interference by the donor agency					

18. On a scale of 1 (no awareness) to 5 (very high awareness), rate the level of awareness among the government officials in the application of the co-operative housing approach

No awareness	Little awareness	Unsure	High awareness	Very high awareness

19. On a scale of 1 (high negative effect) to 5 (high positive effect), to what extent do the following actions of the government officials affect the co-operative?

	Actions	High negative effect	Negative effect	Unsure	Positive effect	High positive effect
19.1	Approval of the subsidy by Government					

19.2	Approval of the land by Government					
19.3	Accepting the co-operative housing approach by the officials of government					

20. On a scale of 1 (no awareness) to 5 (very high awareness), rate the level of awareness among the public in the application of co-operative housing approach

No awareness	Little awareness	Unsure	High awareness	Very high awareness

21. On a scale of 1 (high negative effect) to 5 (high positive effect), to what extent does the level of awareness among the public in the application of the co-operative housing approach affects the co-operative in terms of the following actions?

	Actions	High negative effect	Negative effect	Unsure	Positive effect	High positive effect
21.1	Membership drive by the co-operative					
21.2	Getting people to key into the project by the co-operative					
21.3	Refusal to pay the monthly charges by the members					
21.4	Accepting the co-operative housing approach by the public					

22. On a scale of 1 (no difficulty) to 5 (great difficulty), to what extent does your co-operative experience difficulties in terms of the following processes?

	Processes	No difficulty	Little difficulty	Unsure	Difficulty	Great difficulty
22.1	Identification of a suitable land					
22.2	Obtaining well located land					
22.3	Administration and procedures involved in the registration and transfer of the land					
22.4	Lengthy land-use approval process					

23. How is a member who decides to leave the co-operative reimbursed? Please tick one option that best describes your co-operative

	Method of reimbursement	Yes	No	Sold at the market rate	
				Yes	No
23.1	Value of share is paid back				
23.2	Value of share and improvement made to the building is paid back				
23.3	Only the value of improvement made to the building is paid back				

24. On a scale of 1 (no co-operation) to 5 (very high co-operation), to what extent does your co-operative participate in the following initiatives with other housing co-operatives?

	Initiatives	No co-operation	Little co-operation	Unsure	High co-operation	Very high co-operation
24.1	Bulk purchase of materials					
24.2	Meeting with other housing co-operatives					
24.3	Assisting in the formation of other housing co-operatives					
24.4	Providing management assistance					

24.5	Providing financial assistance					
------	--------------------------------	--	--	--	--	--

25. Please tick the boxes that are most applicable to your co-operative

	Type of tenure of units	Yes	No	Maintenance of common space	Yes	No	Collection of fees	Yes	No
25.1	Individually owned			Organised by the Board			By Finance Committee		
25.2	Collectively owned			Organised by the property management company			By property company		

26. On a scale of 1 (strongly disagree) to 5 (strongly agree), to what extent do you agree with the following statements on the strategies for sustainable housing co-operatives in South Africa?

	Statements	Strongly disagree	Disagree	Unsure	Agree	Strongly agree
26.1	Government should establish an institutional framework that allows rapid and efficient registration of housing co-operatives					
26.2	Government should encourage the development of housing co-operatives					
26.3	Government should respect the autonomous nature of housing co-operatives					
26.4	Government should promote the development of technical skills of the members					
26.5	Government should disseminate information on co-operative housing					
26.6	Government should consult with housing co-operatives in the formulation of policies and legislation that are applicable to them					
26.7	Government should facilitate housing co-operatives to access support services					
26.8	Housing co-operatives should put in place well defined management and organisational structures					
26.9	Government should promote community empowerment through appropriate legislation					
26.10	Creation & implementation of appropriate policies and legislation by government					
26.11	Housing co-operatives should network with other stakeholders such as the apex body of co-operatives and NGOs for their development					
26.12	Financial institutions should develop financing instruments that are beneficial to housing co-operatives					
26.13	Exhibition of high level of commitment by all stakeholders involved in co-operative housing					
26.14	Government should provide the political environment that supports the development and growth of housing co-operatives					
26.15	Regular training and education of members by housing co-operatives					
26.16	The housing sector should be supportive of housing co-operatives					
26.17	Women should be more active in the activities of housing co-operatives					

APPENDIX B

QUESTIONS TO BE ADDRESSED DURING THE INTERVIEW SESSIONS

1. Preliminary questions

- Name of the person being interviewed _____
- Position _____
- Name of the housing co-operative _____
- When it was established _____
- When it was registered at Companies & Intellectual Property Registration Office (CIPRO) _____
- What is the purpose of the co-operative? _____
- Number of employees _____

Total number of employees	Full time	Part time	Casual	Volunteerism	Other, please specify

2. Number of members and houses

- Limit of membership drive

0-10	11-20	21-30	31-40	41-50	>50

PROBE: why?

3. Requirements to be met by prospective members

	Yes	No
Has to be on the waiting list		
Has been consistent in paying the prescribed fees		
Joint income of household is less than R7000		
Joint income of household is greater than R1500		
Has regular source of income		
Has not own a house before		
Be prepared to abide by the rules and regulations of the co-operative		
Be a South African		
Be part of the savings scheme		

PROBE: any other requirements?

- Do you have by-laws? Yes () No ()
- Do all the members have individual copies? Yes () No ()

4. Issue of training

Institutions offering training	Awareness	Benefitted	Adequate	Improvement required
Small Enterprises Development Agency (SEDA)				
Social Housing Foundation (SHF)				
South Africa Housing Co-operatives (SAHCA)				
Non government organisation (NGO)				

5. Frequency and intensity of control

Controlling bodies	Never	Not often	Sometimes	Always
Municipal Government				
Provincial Government				
Social Housing Foundation				
South Africa Housing Co-operatives Association				
Donor Agency				
The Board of Directors				

6. On democracy and meetings

➤ Elections

	Election	Selection
How are board members appointed		
How are committee members appointed		

PROBE: Tenure of Board Members: 1year () 2 years () 3 years () 4 years () >4 years ()

Tenure of committee members: 1year () 2 years () 3 years () 4 years () >4 years ()

➤ Committees and functions

Types of committees	Yes or No	Rarely effective	Sometimes effective	Often effective
Maintenance committee				
Financial committee				
Social committee				
Others:				

➤ Decision making body and event

	General meetings	Board Members	Committee	Chief Executive officer
Major decision				
Important (not major)				
Minor decision				

➤ Measures to ensure adequate members participation

	Yes or no	Never effective	Sometimes effective	Effective	Very effective
New members are informed of the need to participate actively in the co-operative activities					
Formation of many committees					
Providing training for all the committee members					
Regular house to house visits					
Institution of fines when members fall due in their participation					
Others:					

➤ Annual General Meeting

Do you usually hold annual general meeting? Yes () No ()

How often? Every year () Sometimes ()

6. Economic participation

➤ What are the measures that are put in place to ensure that members pay their fees?

PROBE: Has anybody been evicted before based on the provision of the statutes?

7. Education, training and information

	Never	Sometimes	Often
Training undertaken			
Public enlightenment			
Education & training of members			
Education & training of employees			

8. Finance

	Yes	No	Not adequate	Adequate	Very adequate
Members contribution					
Government subsidy					
Social Housing Grant					
Savings & Credit Co-operatives					
Mortgage from the bank					
National Housing Finance Corporation					

➤ Who usually authorizes the spending of the co-operative's funds?

	Yes	No
Board Members		
The Chairperson & person in-charge of finance		
The Chief Executive Officer		
Person in-charge of finance		
Others:		

➤ What measures are in place to deal with financial problems when they arise?

	Yes	No	The Board performs this role	The CEO
Examining the budget (income & expenditure)				
Examining the payment trends of members				
Examining the trends of services paid for				
Examining the sources of funds				
Others:				

➤ External audit of account

	Annually	Biennially	Other
Auditing of account			

PROBE: If no, has it to do with paying the auditor?

If yes, did you apply to Registrar of Co-operative for an exemption?

9. What Strategies can enhance the establishment of housing co-operatives by the?
Municipal Government _____

Provincial Government _____

National Government _____

Financial Institutions _____

Housing Co-operatives _____

10. What Strategies can enhance the development of housing co-operatives by the?
Municipal Government _____

Provincial Government _____

National Government _____

Financial Institutions _____

Housing Co-operatives _____

11. What Strategies can enhance the sustainability of housing co-operatives by the
Municipal Government _____

Provincial Government _____

National Government _____

Financial Institutions _____

Housing Co-operatives _____

12. Where do you think your housing co-operative will be in the next five years?

13. What are the possible challenges towards attaining the above (question 13)?

14. How can these challenges be surmounted?

15. Women participation

	Never active	Sometimes active	Active	Very active
How active are those women in your co-operative				

16. What role should women play for housing co-operatives to be sustainable? _____

17. Is your co-operative registered as Social Housing Institution with Social Housing Foundation? Yes or No **PROBE:** If no, why?

APPENDIX C
SUSTAINABLE STRATEGIES FOR HOUSING CO-OPERATIVES IN SOUTH AFRICA
QUESTIONNAIRE FOR THE MEMBERS

NAME: _____
 NAME OF THE HOUSING CO-OPERATIVE: _____
 ADDRESS: _____
 TELEPHONE: _____ E-mail _____
 AGE GROUP (Please tick one):

15-25 years	26-35 years	36-45 years	46-55 years	Above 55 years

1. How long have you been living in the house provided by the housing co-operative?

0-1 year	>1year-5 years	>5 years-10 years	>10 years

2. Where do you work?

In the public sector	In the private sector	Self employed	Unemployed

3. How many bedrooms are in your building?

One bedroom	Two bedroom	Three bedroom	Other, please specify

4. On a scale of 1 (not satisfied) to 5 (very satisfied), to what extent are you satisfied with the following situations as they relate to your housing co-operative?

	Situations	Not satisfied	Little satisfaction	Unsure	Satisfied	Very satisfied
4.1	The requirements for becoming a member					
4.2	The condition of the environment					
4.3	The condition of your building					
4.4	The support from the municipal government					
4.5	The leadership style of the Board Members					
4.6	The leadership style of the Chief Executive Officer					
4.7	The way meetings are organised					
4.8	The way information is shared with the members by the Board					
4.9	The response time when complaints are lodged					
4.10	The quality of maintenance carried out					
4.11	The amount paid for rent					
4.12	The procedures for collection of fees					
4.13	The security of the environment					
4.14	The way members are appointed to the Board					
4.15	The level of women participation in the activities of the co-operative					
4.16	The roles assigned to women in the co-operative					

5. Which strategies will enhance the development (including establishment and sustainability) of housing co-operatives and to what extent are they applicable?

	Strategies	Yes	No	Not at all	Little	Unsure	Largely	tremendously
5.1	Government should establish an institutional framework that allows rapid and efficient registration of housing co-operatives							
5.2	Government should encourage the development of housing co-operatives							
5.3	Government should respect the autonomous nature of housing co-operatives							
5.4	Government should promote the development of technical skills of the members							
5.5	Government should disseminate information on co-operative housing							
5.6	Government should consult with housing co-operatives in the formulation of policies and legislation that are applicable to them							
5.7	Government should facilitate housing co-operatives to access support services							
5.8	Housing co-operatives should put in place well defined management and organisational structures							
5.9	Government should promote community empowerment through appropriate legislation							
5.10	Creation & implementation of appropriate policies and legislation by government							
5.11	Housing co-operatives should network with other stakeholders such as apex body of co-operatives and NGOs for their development							
5.12	Financial institutions to develop financing instruments that are beneficial to housing co-operatives							
5.13	Exhibition of high level of commitment by all stakeholders involved in co-operative housing							
5.14	Government should provide political environment that supports the development and growth of housing co-operatives							
5.15	Regular training and education of members by housing co-operatives							
5.16	The housing sector should be supportive of housing co-operatives							

6. Comment in general on your housing co-operative _____

APPENDIX D

TABLE 3.5A: THE HISTORY, THE MOVEMENT, THE FINANCIAL AND LEGAL FRAMEWORKS OF HOUSING CO-OPERATIVES

	Sweden	Norway	India	Canada
History	Started as a response to extreme housing shortages and severe housing speculation.	Approximately 80% of the population are home owners through individual ownership or co-operative housing, leaving a very small rental sector.	The British started co-operatives to assist small scale farmers and to make credit available in the rural areas. The political and institutional environments continue to be beneficial to co-operatives even when India become independent. It was in the 1950s that housing co-operatives had policy and legislative framework beneficial to them.	Housing co-operatives in Canada dated back to the 1930s.
The co-op movement	Housing co-operatives in Sweden are not represented by a single one organisation at the national level. 75% of the housing co-operatives are linked to two organisations; About 25% are independent co-operatives, founded by the tenants themselves; the two organisation develop, manage, offer services and represent housing co-operatives in the country.	Norwegian housing co-operative bylaws require individuals to be a member of both the housing co-operative and the housing co-operatives association. The system also allows individuals to be a member of the co-operative housing association without at the same time being a member of any housing co-operative.	In five decades, the co-operative housing movement in India has grown to a figure of 92,000 with a membership of 6.6 million people when compared to a 5,564 housing co-operatives at the beginning of 1960.	Unlike other countries, non-profit housing associations and housing co-operatives have each set up their respective movements.
Finance	There is no governmental financial assistance. Depending on the project, members/tenant-owners finance between 30% to 50% of the development cost and the rest of the	Since the mid 1990s, loans are no longer subsidized and grants are only given to a very limited type of building projects such as student flats, specialized houses for elderly, handicapped, every	Housing co-operatives are financed by members' shares and savings and assistance from their federations or other financial institutions. State Federations borrow from funding	Housing allowances to low-income members, administered by the co-operatives; Grants to reduce construction costs; Low-interest loans for 50 years through direct lending from the federal

	financing is raised by the co-operative organisations through loans from the banks and other private financial institutions. Tenant-owners can normally get a loan from the banks equivalent to 75% (up to 90%) of the down payment required.	buyer of a property has to pay a 2.5% property tax transfer to the state. At this time, this tax does not apply to flat transfer in housing co-operatives.	agencies and make them available to their affiliated primary housing co-operatives as well as individual members; interest margin of around 1% is charged to cover administrative cost.	government's Crown Corporation for housing, Canada Mortgage and Housing Corporation (CMHC).
Legal framework	The Co-operative Housing Act which determines the co-operative's organisational rules, including their business conduct. The Co-operative Economic Associations Act which determines the association's organisational rules, including their business conduct.	The Housing Co-operative Laws is a joint name for the Co-operative Housing Association Act and the Housing Co-operative Act; the Acts came into force in August 2005. The housing co-operative laws in both Acts regulate the system of double-membership.	State Co-operative Societies Acts and Co-operative Societies Rules administered by the Registrar of Co-operative Societies; National Building Code (due to earthquakes).	Federal tax law: The Income Tax Act determines the non-profit status of housing co-operatives; Co-operative Acts: these provincial Acts determine the co-operatives' organisational rules and generally govern their conduct as co-operative corporations.

Source: Researcher's own summary

TABLE 3.5B: THE HISTORY, THE MOVEMENT, THE FINANCIAL AND LEGAL FRAMEWORKS OF HOUSING CO-OPERATIVES

	Austria	Italy	United Kingdom	U.S.A
History	The oldest housing co-operative in Austria was founded in 1895. At that time, there was no state support for the co-operative movement either generally nor specifically for the housing sector. Support now comes from State as enshrined in the housing policy.	From the late 1800s to the 1920s, many housing co-operative units were developed. This was made possible by the support of several political leaders who saw the co-operative ideology in line with their political and ideological ideas. The role of Federal Government now is in the areas of policy development, information sharing.	1770s saw in the United Kingdom the emergence of joint building societies. The first building societies were societies that wound-up when all members were housed. In the 1990s development of housing co-operatives ceased due to favouring by the Government of large housing associations, however there has been renewed now efforts to develop it.	The development of housing co-operatives in the US followed two paths; limited equity and market rate.
The co-operative movement	The Austrian Federation of Limited-Profit	The co-operative housing sector is made up of four	There is one organisation representing	There is one organisation at the national level. Its

	Housing Associations – Auditing Federation (GBV). The membership in the federation is mandatory.	national organisations. It is a three tier level structure and individuals are only member of the housing co-operatives, not the sectoral organisations.	housing co-operatives. Its membership is opened to housing co-operatives, regional federations of housing co-operatives and tenant-controlled housing organisations.	membership includes housing co-operatives, mutual housing associations, and other resident-owned housing, professionals, organisations and individuals interested in promoting the co-operative housing approach.
Finance	State intervention in housing development is significant. Assistance includes long term low interest mortgages, annuity grants, housing allowance.	The co-operative housing financial tools include member shares, member loans, and tax (VAT) exemption, capital raised through indivisible reserves and mutual funds set up by co-operatives.	Government grants, mortgage financing (which provides lenders with 12 months interest guarantee), and ethical investment tool set up by Radical Roots for their housing co-operative members.	Co-operatives for low-and moderate-income are now financed by local government, private sponsors and fiscal incentives. The federal government has mortgage insurance programmes to protect private lenders from losses.
Legal framework	The Co-operative Act, The Limited Profit Housing Act regulates the conduct of housing co-operatives registered as limited profit housing and the Housing Promotion Schemes impose rules to subsidised housing co-operatives.	Law of 2002 that regulates co-operatives and Decree Law of 2003 which regulates joint stock corporations and co-operative firms.	Industrial and provident society (IPS) Act designed for co-operatives and societies set up for the benefit of the community. Housing co-operatives do not have their own special legislative framework in housing. However co-operatives that have provided housing with grant funding from government are registered with and regulated by the Tenant Services Authority.	There are combination of state corporate law and landlord-tenant law. Federal Government also has regulations in terms of Tax Law and Secondary Mortgage Market.

Source: Researcher's own summary.

TABLE 3.5C: THE HISTORY, THE MOVEMENT, THE FINANCIAL AND LEGAL FRAMEWORKS OF HOUSING CO-OPERATIVES

	Germany	Ireland	Turkey	Switzerland
History	Following the UK examples, the first homeownership housing co-operative was founded in 1862 and in 1885 the first rental housing co-operative was set up.	The formation of co-operative housing societies in Ireland dates back to the 1950s. The local authorities encouraged co-operative self-help efforts with the supply of building sites.	The beginning of housing co-operatives in Turkey dates back to the mid 1930s. Past government policies favoured housing co-operatives that resulted in rapid provision of houses but has since stopped since 2002.	Housing co-operatives started in the last part of 19th century. The success of housing co-operatives is predicated on tradition of local community self-help and volunteer work.
The co-operative movement	There is one nationwide umbrella body for housing. It has a three-tier structure and membership of housing co-operatives at the regional level is mandatory.	There is one body representing the housing co-operatives whose membership is drawn from the district housing co-operative societies, the local housing co-operatives and the shareholding members.	The co-operative housing movement in Turkey has a three-tier structure; two central unions, unions (active/non-active), housing co-operatives (active/non-active) and individual members. Membership is not compulsory, non-active housing co-operatives are those that are about to be wound-up in order for individual members to have title to their property.	There is one national body divided into nine regions with membership which includes housing co-operatives, non-profit building contractors and Foundations.
Finance	The only financial assistance from the Federal available to housing co-operatives is the corporate tax relief for rental housing co-operatives but housing co-operatives do not use this any more. Housing co-operatives are exclusively financed through member contributions and mortgages.	Financing of co-operative home ownership is through mortgage loans (20-25 years) secured on the house and personal savings of member. There are three ways to rental housing; public housing, voluntary housing and co-operative housing with financing towards the building provided by the State.	Do not have access to any financial assistance from the state except Complementary Credit which is about 5-6% of the cost of the building usually given when 85% of the work is completed. Housing co-operatives do not apply for this because of associated bank charges. Some housing co-operatives set up Co-operative Union Pool System.	Commercial banks provide mortgage loans up to 80% of the total investment value. Revolving funds at low interest rates are provided to housing co-operatives by the Federation in addition to guaranteeing bond issued by Bond Issuing Co-operative (BIC). Some provinces provide subsidy to reduce rent and land to build. There is no tradition of saving for building purposes through

				savings and loan associations.
Legal framework	The Co-operatives Act, which was amended in 2006 and the Rent Regulation Act.	Provisions exist in the Housing legislation for the issue of approved status to housing bodies which have a not-for-profit legal constitution. There is also the use of standard model Rules issued by the co-operative movement and approved by the Registrar of Friendly Societies.	The Condominium Law, Co-operative Law, Turkish Trade Law which oversees the implementation of the Co-operative Law and other sundry Laws.	Swiss Constitution, Swiss Code of Obligations and Federal Housing Act of 2003 that has to do with financial development means accessible to non-profit sector.

Source: Researcher's own summary.

TABLE 3.5D: THE HISTORY, THE MOVEMENT, THE FINANCIAL AND LEGAL FRAMEWORKS OF HOUSING CO-OPERATIVES

	Egypt	Czech Republic	Portugal	Pakistan
History	The idea of housing co-operatives first appeared in the 1930s with the aim of providing individuals with houses with some State's support.	The co-operative movement celebrated its 160 th anniversary in 2007. Housing co-operatives are now completely independent of the State. Housing stock from housing co-operatives is 17% of the total stock. No official housing policy.	The first building co-operative was established after the Second World War. After Agriculture co-operative sector, housing is next to it. Housing co-operatives can build houses for sale and for rent.	Housing co-operatives and other co-operatives are under the control of the provinces hence the establishment of housing co-operatives started at different times. As at 2009, there were 2,608 housing co-operatives and membership base close to 1.9million with 13million houses.
The co-operative movement	There is one umbrella body for the housing co-operatives. It is a four-tiered organisation; housing co-operatives, 4 Joint Associations (formed by housing co-operatives), 13 Federal Associations (service co-operatives) and the Federation.	There is one union representing all housing co-operatives with membership from housing co-operatives and associations of housing co-operatives. Membership of sectoral organisations is not mandatory.	There is one body and the membership is the housing co-operatives and unions (housing co-operatives). It is not all the housing co-operatives that are affiliated to the central body.	No national body for the housing co-operatives, this may not be unconnected with the control enforced by the provinces.
Finance	Housing Co-operative Law no. 14 of 1981 specifies that housing co-	Tax relief for interests on mortgage loans. Direct financial	Reduced VAT (20% - 5%), tax exemption on land acquisition,	Land is made affordable by the Government, financing is through

	<p>operatives are exempted from many taxes and fees such as stamp tax paid on contract and taxes and fees levied by municipalities. Housing co-operatives receive a 25% discount on all State-owned land and this depending on Minister of Finance approval could go up to 50%.</p>	<p>support for housing construction. The construction savings scheme.</p>	<p>subsidised interest rates on loans, housing allowance to members and also saving systems in place.</p>	<p>members' contributions.</p>
<p>Legal framework</p>	<p>The Housing Co-operatives Law no.14, 1981. The Constitution expects the State to take care of the co-operative associations.</p>	<p>Commercial Code, Transformation Act which gives the housing co-operative members the right to sell their houses at market rates or to convert to individual units.</p>	<p>The Constitution encourages and promotes housing co-operatives. Specific Regulations preventing housing co-operatives from distributing their surplus.</p>	<p>The Co-operative Societies Act 1925, Co-operative Societies Rules 1927 (for all the provinces) and an Ordinance promulgated in 1982 for the functioning of housing co-operatives in Sindh province.</p>

Source: Researcher's own summary.