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The conditions necessary for the creation  
and establishment of a successful  
co-operative housing sector

Cape Town

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**COOPERATIVE ENTERPRISES BUILD A BETTER WORLD**





## Types of housing co-operatives

### Three types of housing co-operatives:

- ▶ Rental
- ▶ Limited equity
- ▶ Market value
  - but – some are a combination of all 3



**It is not possible to transplant a co-operative housing system from one country into any other.**

- ▶ **Learn**
- ▶ **Adapt**
- ▶ **Apply**



## Necessary conditions:

1. A vision and understanding of the potential of housing co-operatives and the desire to create them.
2. Political wisdom and will to support the development of a co-operative housing sector to help meet national housing needs
3. Government commitment to create the right legal, financial, regulatory and administrative framework
4. The right social, economic and cultural conditions to enable co-operatives to be sustainable



## **Vision, understanding and the desire to create co-ops**

- Housing needs that housing markets and governments cannot meet
- The demand from those in need of housing for new solutions
- Knowledge of Co-operative housing systems in other countries
- A shared vision among potential consumers and key stakeholders of what the creation of a co-operative housing sector can achieve and how.
- A desire to create co-operatives to meet defined needs
- Stamina to work hard and long to develop viable, efficient, well governed and managed co-operatives.



## Political wisdom and will to support the development of housing co-ops

- Politicians who:
  - are engaged in politics for the good of all citizens, not for personal or partisan advantage
  - understand the 'Co-operative Advantage' and our Co-operative Principles and Values
  - understand their government's responsibilities as a member of the ILO particularly ILO Recommendation 193
  - have a vision of the positive contribution housing co-operatives can make to affordable housing supply
  - are determined to use their political power to create the right legal, financial, administrative and regulatory framework in which co-operatives can function.



## **Government commitment to create the right legal, financial and administrative framework**

### Key elements:

- Appropriate Co-operative legislation in compliance with ILO Recommendation 193
- Recognition of Co-operative housing as a distinct form of tenure
- Effective property law and protection of occupancy rights
- Effective system of accountability/ regulation of co-ops
- 'Seed corn' start-up finance and enabling support
- Financial support to achieve affordability:
  - Revenue support
  - Capital funding
  - Free/low cost land
  - Low interest rate loans
  - Special tax incentives for investment
- Fair and equitable tax treatment



## **The right social, economic and cultural conditions**

- National peace, stability and desire to create and strengthen civil society organisations, including Co-operatives
- Access to Land for affordable housing construction
- Commitment from Co-operative members and employees to sound democratic governance
- Capacity building for co-op members
- Ability of members to afford rental or other members' payments to their Co-operative
- Sound economic management
- Economic growth and growing income equality
- Construction sector capacity
- Access to affordable finance from sound/well regulated banking and financial institutions
- Commitment to equality and non discrimination





# ICA Housing: Good Governance Charter

As the elected governing body of our housing co-operative, we are committed to providing good governance and principled leadership. To this end, we commit to these good-governance practices:

1. We uphold the international co-operative principles.
2. We act with honesty and in good faith, placing the interests of the co-operative before all others.
3. We exercise care, skill and diligence in carrying out our duties.
4. We act fairly, making decisions without bias or favouritism.
5. We foster democracy within our co-operative.
6. We act transparently, in a spirit of openness and accountability to the membership.
7. We ensure that our co-operative fulfils its legal duties.
8. We provide for sound, accountable management of our co-operative.
9. We have a strategic focus, always looking ahead to our co-operative's future.
10. We plan for leadership succession and renewal.

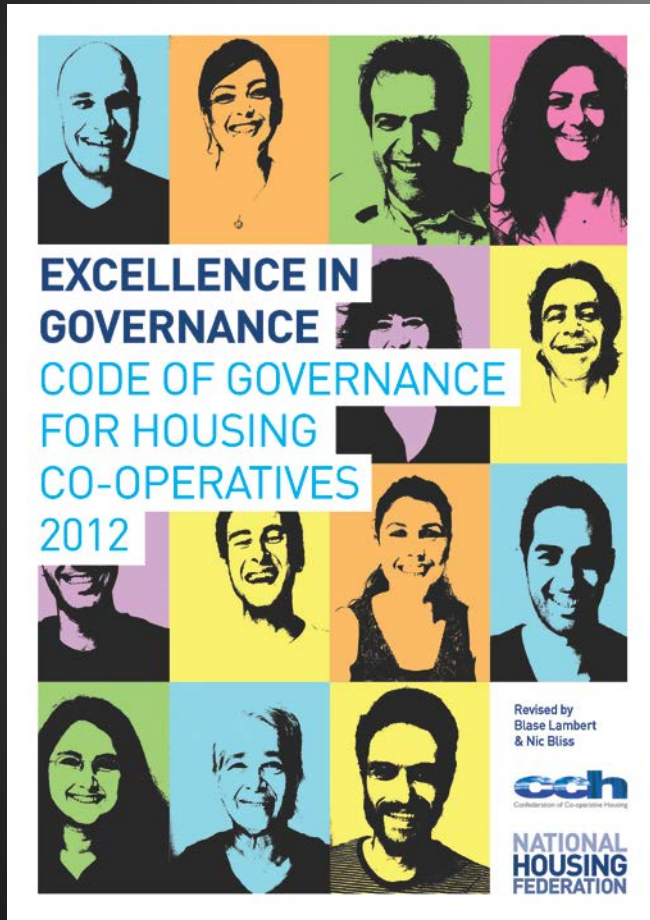


# The 7 Deadly Sins that lead to bad Co-operative Governance

1. The “Little Hitler” dictator syndrome.
2. The “us and them” oligarchy.
3. Corruption.
4. Favouritism and nepotism.
5. Lack of openness transparency and accountability (“secretiveness” and failure to communicate effectively and encourage wide member participation).
6. Failure to declare conflicts of interest.
7. Member apathy and failure to apply 5<sup>th</sup> Co-operative Principle – continuous education.

Launched in 2012!

Confederation of  
Co-operative Housing  
Excellence in Governance  
[www.cch.coop](http://www.cch.coop)





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