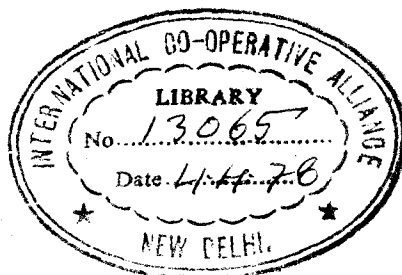


REGIONAL SEMINAR ON THE "DEVELOPMENT OF COOPERATIVE HOUSING", MANILA & BAGUIO (PHILIPPINES)

10-30 November, 1977

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New Delhi
2 January 1978



Ashok Kandhari
Ashok Kandhari
Seminar Secretary

DRAFT REPORT OF THE REGIONAL SEMINAR ON THE
"DEVELOPMENT OF COOPERATIVE HOUSING" : PHILIPPINES
10 November to 29 November, 1977

INTRODUCTION

A Regional Seminar on the "Development of Cooperative Housing" was held by the ICA Regional Office and Education Centre for South East Asia in collaboration with the Cooperative Movement of the Philippines from 10th to 29th November in the Philippines. The preparatory part of the seminar (the first three days) was held in Manila and the rest of the seminar was in Baguio. In Manila the seminar visited a housing project sponsored by the San Dionisio Credit Union.

Delegates from Bangladesh, India, Malaysia, Philippines, Singapore, Sri Lanka and Thailand participated. In addition, observers from International Cooperative Housing Development Association (ICHDA), International Labour Organisation (ILO) and Food and Agriculture Organisation (FAO) and Sweden participated. The resource persons participated in the seminar were Messrs. Lionel Gunawardana, D.D. Naik and Sven Kypengren*. The Director of the seminar was Mr. Sten Johnsson.

The seminar was inaugurated by Hon. Dr. Orlando J. Sacay, Undersecretary, Department of Local Government and

*Designations of the Resource Persons are given in the list of participants.

Community Development, Government of the Philippines. He represented Hon. Jose A. Roño, Secretary, Department of Local Government and Community Development and read the inaugural speech of the Secretary.

HOUSING SITUATION IN THE REGION

The Seminar reviewed the Cooperative Housing situation in the participating countries of the region. The Seminar noted that rapid population growth, increasing industrialization and massive urbanization had led to serious housing shortages in the region. Many countries in the region were experiencing rapid growth of their major cities and to a lesser extent of their smaller urban centers. At the same time there are movements from urban to urban and from rural to other rural areas, resulting in the development of new population settlements in the less densely settled regions. There was severe congestion and overcrowding in urban centers, formation of slums and squatter settlements, spiraling of urban land prices which had made the housing problem more acute in some countries than other parts of the region. Provision of housing for the low-income groups, which constitute an overwhelming majority of the population of the region, was an imperative need. The housing problem also is acute in the rural areas though to a lesser extent. Much need to be done to improve the existing dwelling in the rural areas.

Governments in the most of the countries of the region had undertaken direct public housing and physical planning programmes for ameliorating the critical housing

situation and problems associated with rapid urbanization. In spite of growing interest in the improvement of housing conditions, the relatively low priority given to housing was a common feature in many countries. Most governments had not been able to extend to housing the priority it deserved, mainly because of financial constraints.

The seminar discussed the different types of housing cooperatives that are found in the region and listed the following types:

1) Permanent Type

This type of housing cooperatives undertake all activities such as financing, acquiring, and development of land, construction of houses, provision of common services and maintenance of houses.

This type can be divided into two sub-type namely co-ownership where houses are owned by the society and individual ownership type where ownership is transferred to individual members after they have repaid the loans.

2) Terminating Type

In these type, the society is liquidated after the completion of the housing project and the ownership is transferred to the individual members. In some cases the society is liquidated after the completion of the building of the houses and the members repay their loans direct to the lending organisation and in other cases, the society is liquidated only after the loans have been fully repaid.

3) Housing Land Development Societies

These society undertake acquiring and development of land collectively. Once the land is developed it is distributed among members and building is done by members.

4) House Mortgage Societies

In this type the society lends money to its members for construction of houses. The members have to make their own arrangements for building their houses.

5) Producers House Construction Cooperative Societies

These are producers cooperatives. Their members are artisan, building workers such as brick layers, carpenters, painters and other workers. The societies build houses with finances obtain from financial institution for sale or for rental.

In addition to these type, different types of cooperative societies in other fields such as consumers, agriculture and multi-purpose societies also undertake various activities connected with housing.

ROLE OF HOUSING COOPERATIVES

Some countries in the region have recognized housing cooperatives as one of the agencies for the implementation of national housing policies. This type of organizations are being used to involve private initiative and encourage the people to solve their housing problem through their own efforts. However in most countries of the region this form of organizations are not being used to the

extent of their positive potential. In some countries the housing cooperatives have yet to receive due recognition and encouragement from government as their trusted agencies for the implementation of their national housing policies.

A brief review of the cooperative housing in the participating countries in the Region.

BANGLADESH

The People's Republic of Bangladesh has emerged on the map of the world on the 16th of December, 1971, as an independent Sovereign State with a territory of 55,126 sq. miles and with an estimated population of 75 million. The present density of population is 1,360 per sq. mile, which is one of the highest in the world and having a growth rate of population 2.9% per annum. Thus, then is an addition 2.25 million in every year who have not only to be fed but also to be housed.

But the present arrangement of housing and settlement is considered quite inadequate in view of the pressure of the population.

The cooperative housing has been developed with two characteristics, viz:

- a) Sectarian Basis - only for Ismailia Community
- b) Cosmopolitan Basis - for all

All the Societies, at present, are of primary type.

- a) Number of Cooperatives 139
- b) Number of Members 12,812
- c) Share Capital TK. 11.24 lacs
- d) Thrift Deposit TK. 14.47 "
- e) Reserve Fund TK. 8.98 "

- f) Loans held TK. 19.62 lacs
- g) Houses built by Cooperatives . . . 1,504
- h) Houses built by Members. 997

a) Some cooperatives are obtaining lands, developing and allotting flats to their members. Houses are being constructed by the individual members on approved place of the Society.

b) Others are obtaining lands, developing and constructing houses/buildings and allotting the flats and houses to their members.

Government, generally assist coops in obtaining lands by way of acquisition.

The problems of cooperative housing are of various nature and types and it varies from area to area. The main and major problems are as follows:

- a) Scarcity and high cost of land.
- b) Lack of finance.
- c) Inadequate supply and soaring prices of building materials.
- d) Lack of managerial and technical skills.
- e) Absence of any controlling or supervisory or coordinating agency/organization to promote cooperative housing.

The existing deplorable housing situation deteriorates further due to frequent natural calamities, like cyclone, flood, tornado and tidal bore, etc.

- a) In order to encounter the multifarious problems of Housing Cooperatives, the Bangladesh Jatiya Samahaya Union initiated on Action Programme to

form Subdivisional/Regional Coordinating body and also Apex Organization.

- b) The Government of Bangladesh has also taken some positive steps to cope with the Housing problems:
- i) by reducing the rate of interest on house building loans of the Cooperative Societies;
 - ii) by relaxing the terms of repayment up to 25 years for the multi-storied cooperative complex.
 - iii) by increasing the quantum of loans up to taka 2.5 million;
 - iv) And very recently government has declared as a matter of policy that the groups of individuals forming cooperative societies will get preferential treatment in getting allotment of Khas land, as well as government acquired land in the urban areas of important cities of the country.
- c) In view of the government policy the Cooperative Department is giving special attention to the problems of Housing Cooperatives.

INDIA

Cooperative Housing movement was initiated in India more than half a century ago. The first cooperative housing society was registered in the country in the year 1915. The movement owes its development to the programmes under the five year plans. As on 30 June 1975. The number of housing cooperatives in India was 25,633 with a membership of 1,636,441. The working capital was 6364.48 million.

The total number of housing units built by cooperatives up to June 1975 was 352,283. Primary cooperative housing societies on the basis of their ownership of the land and building were classified into:

- i) tenant ownership housing societies in which land was owned by the societies on the leasehold or free hold basis and the houses were owned by the members.
- ii) tenant co-partnership housing societies in which the societies owned both the land and buildings and the houses built were allotted to their members with a permanent right of occupancy.
- iii) House mortgage societies which lend money to their members for construction of houses for dwelling.
- iv) House construction and house building societies in which the societies spend money on behalf of the members for building the houses which were handed over to them when ready and the money spent is recovered as loan.

The main difficulties that impede the progress of cooperative housing in India is the inadequacy of their financial resources. At present various sources of finance available to the cooperatives included:

- i) share capital contribution and downpayment from members.
- ii) government assistance by way of loan or subsidy for certain housing schemes
- iii) Short term loans by Central Cooperative Banks
- iv) Life Insurance Corporation of India

v) Housing and Urban Development Corporation of India.

Organizational pattern of the cooperative housing structure in most of the states in India consists of a two-tier federal structure with an apex society at the state level and the primary affiliated societies all over the state. The functions of the apex societies include provision of finance to primary societies and general guidance and advice in administrative, technical and legal matters, assistance in procurement of building materials to primary societies and general supervision and coordination of their activities. So far state level apex housing finance societies have provided finance to their primaries to the extent of Rs 2024.82 million.

Cooperative housing movement has made considerable progress in big industrial towns and cities. It is also spreading in rural areas. With the spread of the movement apex cooperatives were registered in many states and they have been playing a significant part in providing the necessary finance and guidance to the housing cooperatives in their respective states. A National Cooperative Housing Federation has been established which is expected to coordinate and guide the activities of the state level institution. It is also promoting cooperative education in the housing field.

MALAYSIA

Cooperative movement was introduced in 1922. Tremendous increase in population after the close of the war and the movement of people into major town without corresponding increase of dwelling houses led to the active

formation of housing cooperatives.

It must be remembered that the cooperative movement has been interested in the promotion of home ownership even before the establishment of housing cooperatives. The price of houses and initial down payment were high and the interest rate was exorbitant while the repayment allowed was short resulting in big monthly instalments.

Salary earners, with the responsibility of providing their families with suitable housing realized that the Housing Cooperatives were the best mode of acquiring houses.

The switch over to multi-purpose cooperatives, encouraged by government, led to the formation of more cooperatives. House ownership in a cooperative way is achieved as under:

- 1) Cooperative carry out housing schemes and sell the houses.
- 2) Cooperative make both purchase of houses constructed by private and other development at a discount and then sell them to members.
- 3) Cooperatives grant loans to their members to buy houses of their own choice.
- 4) Cooperatives grant loans to members to finance them in constructing houses of their own on land owned by them.

The activities of Housing Cooperatives are complex in nature and problems of all sorts keep emerging from time to time. The problem of raising adequate finance at reasonable interest rates ranks second only to the problem of land. Besides density control, administrative delays,

professional fees, and the shortage of building materials have increased the cost of houses.

All housing development projects require substantial amount of finance. Commercial Banks from the very start were reluctant to provide long term finances except providing overdrafts. It is necessary to mention here the establishment of Malaysian Insurance Cooperative Society and the Cooperative Central Bank which banks have enabled wage earners to purchase houses at reasonable terms and conditions.

Further, the management must be geared to operate smoothly and efficiently and should be competent to enter into contract and agreements of all types to safeguard the members. Efficient management is the key to the success of any enterprise.

The Cooperative College is vigorously undertaking educational and training programmes to equip the employees of housing cooperatives to discharge their duties in an efficient and dedicated manner. These training programmes in due course, will solve the problem of trained personnel.

The future progress and healthy development of housing cooperatives will depend to a large extent, as in the case of most other industries, on the ability of the Society to anticipate, plan and overcome successfully the complexities and uncertainties. Building activities are taking place at an enormous pace. Several private building agencies and enterprises are at work. Competition is extremely keen. Under the circumstances, housing societies, if they are to survive and to compete with

private developers, have to provide amenities and services comparable to those offered by them.

PHILIPPINES

While cooperative was introduced in the Philippines in 1907 and many legislative acts were passed to promote the movement, it only gathered force and meaning in 1973 upon promulgation of Presidential Decree No. 175.

Just like any other country in the region, the Philippines also experienced many frustrations in the cooperative movement. The present cooperative development program is observed by most cooperative experts to be a mixture of experiences and practices of cooperative movements all over the world.

Presidential Decree No. 175 and Letter of Implementation No. 23 emphasizes only on five (5) major types of cooperatives namely consumers, producers, marketing, credit and service. One feature of the Philippine cooperative movement which may not be found in other cooperative movement is the Samahang Nayan or Barrio Association, a pre-cooperative organization for capital build up motivation and discipline. In the same Decree, all cooperative organizations registered under the previous cooperative laws were required to apply for re-registration with the Department of Local Government and Community Development. There were some 6,000 cooperative organizations of all types (agricultural and non-agricultural) and 2,500 which applied for re-registration.

The government has undertaken several measures to

meet the existing housing shortage. Government employees were assisted with housing loans from the Government Service Insurance System (GSIS), while the private employees, through the Social Security System (SSS), the Development Bank of the Philippines and the Home Financing Corporation. Many subdivisions and housing projects were realized out of the assistance of said institutions, but as more houses were built, more demands were being felt.

To meet these needs, Presidential Decree No. 957 was promulgated with the primary objective of consolidating all government agencies involved in housing undertakings under one office known as the National Housing Authority. To support its conceptual frame work, the Joint Venture Program was created to seek the cooperation of entities participating in the housing effort.

Due to the government's thrust on housing program many private developers and financial institutions came in to undertake massive housing projects ranging from low-cost to middle income housing projects. As a result, urban centers of the country became the target of land and housing speculations giving the government various problems. This only dramatized the profit motive of private capitalists.

The President underscored this felt need in his last birthday anniversary when he directed the multiplication and establishment of housing cooperatives in distressed areas of the country. This provided a favorable climate to the cooperative movement. Different housing cooperatives came up with their respective programs as exemplified by the different housing cooperatives in Baguio City and in Sulo. At present, there are seven housing cooperatives

in Luzon and four in Mindanao and Sulo.

The government, private and cooperative sectors have a common goal in their strategies in the financing acquisition of housing units though some differences may be observed in their implementation. These may be outlined briefly as follows:

A. Home Financing Type:

- i) provides for systematic savings;
- ii) grants long term loans for housing purposes; and
- iii) reserves option to purchase from outgoing members.

B. Group Development Type undertakes the purchase and development itself, sells or leases to members further classified into as follows:

Sub-Type "A"

- i) provides for systematic savings;
- ii) purchases and subdivides land;
- iii) constructs houses according to set standards;
- iv) sells house-and-lot units to members;
- v) reserves option to repurchase from outgoing members.

Sub-Type "B"

- i) provides for systematic savings;
- ii) purchases residential lots or lands;
- iii) constructs apartment houses or tenement buildings;
- iv) sells apartments or flats, the title to the land and common facilities being held collectively (condominium)

- v) reserves option to repurchase from outgoing members.

Sub-Type "C"

- i) provides for systematic savings;
- ii) purchases residential lots, or land for subdivisions;
- iii) construct houses, apartments or tenements;
- iv) leases to members at minimum rentals on joint ownership through the cooperatives.

Problems of Housing Cooperatives

Not exempted from the usual hazards and difficulty of housing cooperatives, the Philippine housing cooperative movement have incurred many problems and among these are:

1. Difficulty in acquiring land.
2. High cost of construction materials and labor.
3. High cost of financing.
4. Lack management and technical expertise.
5. Lack of linkages and coordination among agencies.

SINGAPORE

The Cooperative Movement in Singapore was introduced by the Government in 1925.

There are altogether a total of 78 Cooperative Societies with a total membership of 100,677 as at 31st December, 1976. Of the 78 Societies registered, 3 are from the Cooperative Housing with a total membership of 4,702.

The others ranged from Thrift and Loan to Consumers,

etc. Housing Cooperatives were introduced in the country after the Second World War when Thrift and Loan Societies, especially these well established and financially sound had introduced provisions in their constitution to provide mortgage loans to enable their members to own houses.

As the Thrift and Loan Societies for mortgage loans were limited between 25 to 30 percent of the subscribed capital, it was felt desirable to establish housing cooperatives.

The Three Housing Cooperatives registered were as follows:

1. The Singapore Government Officers' Cooperative Housing Society in December 1948.
2. The Singapore Cooperative Housing Society in June 1956.
3. The "Sharikat Berkerjasama²Perumahan Kenagsaan Singapura Degan Berhad" in November 1964.

The pattern of Cooperative Housing in Singapore is to acquire land, develop them and construct houses and ultimately transfer them to members when their loans are fully and completely settled. So far six housing-estates totalling 596 units have been developed and sold to the members pricing from \$10,000 to \$34,000. In addition, about 1,500 units of houses were bought from private developers and sold to mebers at cost price.

The voluntary officials of the Cooperative Housing Societies are elected yearly at their respective Society's Annual General Meetings. The members of the

society are only eligible to purchase or take a loan only once to buy a house. The loans given are normally 75% on the cost of the house and the maximum period to repay by instalments is not more than 20 years. The rate of interest payable to the loan approved is 1% on the interest paid to the affiliated Cooperative Societies who have put in fixed deposits accounts with the Cooperative Housing Society.

As there is scarcity of land in Singapore and the Government in its efforts to solve the social problem of the country had undertaken a direct public housing and physical planning programme to coordinate the critical housing situation associated with rapid urbanization.

In 1960 the Government formed the Housing and Development Board and as on 31st March '77 over 120,000 units of flats of various types of apartments ranging from one room to five rooms have been build and sold to the public. This public housing scheme was introduced to assist the lower and middle income group to be Home Ownership.

In 1968 the Government permitted the use of Central Provident Fund towards the purchase of the Housing and Development Board flats as initial down payment and monthly instalments.

The HDB charges a low interest rate of 6% per annum and the loans are repayable between 5 to 20 years.

As on June '77, 58% of the population have been housed in HDB apartments. The Singapore's public housing scheme provides an excellent example of a massive public housing programme, financed and implemented effectively within the limits of national resources without recourse

to Foreign Funds.

However, Cooperative Housing Societies can still play an effective role in the field of maintenance and renovations of the public housing scheme.

SRI LANKA

Housing in Sri Lanka has reached the level of a major problem, that has built up over the last 25 years. Three sectors can be identified when considering the housing problem in general. Viz: Urban, rural and Estate or Plantation sectors.

Major problem of housing is in the urban sector where 20% of the population of 13.8 million live; greater part without basic amenities. There is a shift of population from rural to urban areas aggravating the problems of housing and employment.

The slow rate of house construction about 20 - 24,000 units per year has failed to make an impact on the housing situation. The high backlog has made the problem worse. In 1961 the backlog was estimated at 300,000 units for the Island. In 1972 the needs of the urban areas alone was put at 300,000 units. The annual gap between supply and demand for houses is estimated at about 40,000 units. This has resulted in the emergence of slums and squatter settlements in the cities.

The Cooperative Movement in Sri Lanka has a long history and the movement has branched out to various fields of activity - credit and thrift, consumer, agriculture, industries, rural, banking, etc. Development in the field of housing has not been significant. The first housing

society was established in 1948 but by 1974 the number of societies was 47 and most were inactive. There has been isolated successes with exemplary performance but they have not been repeated. Majority of the societies are for middle class government employees.

The Government has recognized the role of Cooperative in the national development in general. References to Cooperative Housing has been made in development plans. Apparently due to lack of consistent housing policy with a definite role not much headway has been made.

A national seminar was held in 1971 to promote Cooperative Housing in Sri Lanka in 1971. A major difficulty facing Cooperatives is financing. Others in brief are the inability to effect savings by prospective house builders, obtaining suitable land, acute shortage of building materials and also education of the public in house ownership through the Cooperative Way. There is a need to tap the resources within the Cooperative Movement supported by active state assistance.

THAILAND

The Bangkok Cooperative Housing Society Limited is the only one housing cooperative in Thailand with 3,000 members. The cooperative was first introduced in Thailand by Sir Bernard Hunter in 1914. Later the Bangkok Cooperative Housing Society was found in 1966. This organization functioned as non-profit housing society, has seven projects to build about 2,900 dwelling units.

The Bangkok Cooperative Housing Society is a permanent type of the cooperative in which the members are

provided the opportunity to acquire dwellings. First the cooperative establishes houses through building contractors by using funds raised from members and loans from outside sources. After the members have paid the full price of houses by cash or instalments, then the houses have to be handed over to them with the absolute ownership of the building.

At the national level, the National Housing Authority has been established to solve the housing shortage and to control over housing policies in Thailand without accepting non-profit housing implicitly in his housing policies, and has not provided any financial aids for housing through the cooperative.

The Bangkok Cooperative Housing Society, therefore, is facing the severe shortage of finance, land scarcity and shortage of specialized personnels in the field of estate management and administration.

COOPERATIVE HOUSING FROM AN INTERNATIONAL VIEW POINT

The seminar was informed by Mr. Sven Kypengren. The working of the Housing Committee of the International Cooperative Alliance and Mr. Graham Alder of the working International Cooperative Housing Development Association (ICHDA). A brief description of these two organizations are given below.

INTERNATIONAL COOPERATIVE HOUSING COMMITTEE

The International Cooperative Alliance (ICA), which is the all embracing international organization for the cooperative throughout the world, representing various

branches, has set up various auxiliary committees for the various forms of cooperation. There are at present eight such Committees out of which the Housing Committee is one.

The Housing Committee was formed in 1952 and is the functional arm to bring together cooperatives operating in the field of housing. It has its own constitution and terms of reference, which are agreed by the ICA governing bodies. Its task is to promote cooperative housing and to represent the cooperative housing idea on the international level. At its formation and since then this has been of great importance as the UN regional Economic Commission for Europe (ECE) had set up a special Committee for Housing, Building and Planning to be a forum for interchange of experience between the countries in the reconstruction of housing following the devastations during World War II. Thus, the Committee has been appointed to represent the ICA at all the meetings of this United Nations Committee.

The Committee comprises 27 ordinary members and 7 supporting organisations. It has a Board of ten meeting regularly. The supreme body is the Full Committee Meeting, which is composed of two representatives of each participating organisation.

The work of the Committee, apart from representing the housing cooperative interest on international level and to disseminate internationally made findings as to housing and building is to be a forum for an exchange of experience made in the various countries in the promotion

of cooperative housing. It shall also promote cooperative education and study the scope of activities of cooperative housing organisations in various countries. It shall promote an exchange of experience and services between the organisations of developed countries and those of developing countries.

To perform these tasks, the Committee has established a Secretariat of its own, which is located at the headquarters of the member organisation of the Chairman. Since its establishment, the Secretariat has been domiciled with the Swedish HSB member organisation.

The reports and documents of the Committee are published in English, French and German which also goes for the quarterly Co-operative Housing Bulletin.

The Committee has established working groups, which are studying and preparing reports on issues of particular interest to the members. There is thus a working group dealing with financing of cooperative housing and related matters. There is also one for problems regarding methods of work and management of cooperative housing and various aspects of this subject.

From the Committee emerged in 1966, following resolutions of the ICA to intensify its assistance to provision of shelter in the developing countries, a special body named the International Cooperative Housing Development Association (ICHDA). The majority of members of this come from the Housing Committee.

In conjunction with the holding of quadrennial ICA Congresses, there is convened a general Conference on

Cooperative Housing to which all cooperators having an interest in development of cooperative housing are invited.

The seminar discussed the working of the Housing Cooperative Movement in Sweden. A brief description of Cooperative Housing Movement in Sweden is given below.

SWEDEN

Sweden is known for its cooperatives in the field of housing, the HSB organisation and the Svenska Riksbyggen. Special legislation as to cooperative ownership is guiding the activities of the estate housing cooperatives. Their function is to stand as the owner of the property and by issuing a certificate, grant the members a perpetual right of occupancy of the house they have chosen to live in and for which they have made a down payment. Charges are then levied according to the size of the house per sq. meter. The charges should cover the running costs, such as capital costs and other charges including setting aside reserves for external and internal repairs. The various cooperatives of course elect their own boards at the annual meeting and social activities are included in the work of the housing cooperatives.

These housing cooperatives are initiated by local HSB societies in the HSB organisation, whilst it is the branch administration of Svenska Riksbyggen which takes the initiative. The local HSB society is composed of members who join in order to acquire a flat. It is consequently an independent cooperative housing society rallying as members the people in a region in search of a cooperatively owned and administered house. The

distribution of houses within the Svenska Riksbyggen is merely done by the communal housing authorities, in some cases according to a list system at the district office or with a savings bank where future members are saving.

The HSB organisation was formed in 1923 and has a constituent members the local societies. The local societies appoint representatives to the HSB Congress convening every third year and serving as the supreme body of the organisation. HSB strives to be an entirely housing consumer oriented cooperative. It has a technical service organisation of some importance and sells its services to the new projects and manages the central bookkeeping for most of the local societies and the housing cooperatives. It has further a wholesale society trading building materials which go into the new production and it is also the sales organ for products of wholly owned industries manufacturing wooden products for housing. The model rules lay down not only uniformity but also that all housing cooperatives, now numbering close to 3,000 and local societies numbering some 8, are audited by not only its own elected auditors but by the auditing office of the National Association too.

In Svenska Riksbyggen the constituent members were drawn from the trade unions of the building operatives from the beginning and it was formed by them in 1940 to try to remedy the serious unemployment in the house building industry prevailing at that time. Later, new members from the popular movement of Sweden and particularly in the trade union sector have joined. However, members also

include such housing cooperatives which have been initiated by the Svenska Riksbyggen organisation. The supreme policy making organ of Svenska Riksbyggen is its Congress, which convenes every third year.

Svenska Riksbyggen works closely together with the constructing organisation of the former local cooperative productive organisation of the building trades. This workers' productive later became a limited company called BPA. This organisation is also used by the HSB organisation and has become the biggest housing contractor of Sweden. It employs between 13,000 and 15,000 annual labour. The two organisations also undertake, for community housing trusts, to plan, construct and administer local authority housing estates.

Communal provision of housing was first started at the end of the 30s in Sweden, but today these communal housing companies have the biggest share of the production of new housing. There is however, on a strict tenement basis.

The HSB has built 350,000 units and in addition produced some 50,000 bungalows over the years. Svenska Riksbyggen on the other hand have provided some 200,000 units.

Both organisation are actively carrying on education programmes based on schools of their own. The HSB organisations issues a Journal jointly with the Tenants Union, which is one of the major unions in Sweden.

THE INTERNATIONAL COOPERATIVE HOUSING DEVELOPMENT (ICHDA)

1. ICHDA was set up in 1966 by six members of the

ICA Housing Committee. It is a cooperative and its major objective is to promote low-cost cooperative and self-help housing in developing countries. It now has 17 members, mainly located in Europe but also located in India and Latin America. In assisting in the development of projects its principal resource is the fund of human skills resident in its member organisations and the accumulated experiences of 11 years work. Since 1976 the Executive Office of ICHDA has been at the headquarters of the ICA in London. Some members of ICHDA, such as DESWOS (Federal Republic of Germany), FCH (U.S.A.) and HSB (Sweden) also have bi-lateral programmes.

Highlights of the work programme over the past 11 years include:

- a) In 1967 a study was carried out for the U.N. Center for housing, building and planning entitled "Sources of Finance for Cooperative Housing in 10 Selected Countries".
- b) A field study in Tanzania for the U.N. was followed by a pilot sites and services project in Dar-Es-Salaam.
- c) A memorandum of Understanding was signed with the U.N. in 1970 and also with the Economic Commission for Africa.
- d) A study was carried out for UNIDO entitled "Jobs Building Materials and Housing through Integrated Construction and Housing Cooperatives".
- e) A mission was undertaken to the Ivory Coast for the ILO.

- f) Missions were carried out for the UNCHBH in West Africa, Latin America and Bangladesh.
- g) An expert was provided to a rural housing programme in Bangladesh.
- h) A cooperative housing adviser for Africa was provided to the Economic Commission for Africa (ECA) in 1976-77, funded by the Finnish government and provided by KK, Finland (an ICHDA member).
- i) A Workshop on Low-Cost Cooperative and Self-Help Housing was held in Lesotho in 1977 together with the ECA, the UN Human Habitats and Settlements Foundation (UNHHSF) and the Government of Lesotho.
- j) A pilot project for low-cost cooperative housing has been organized in Lesotho. ICHDA provided technical assistance to create the Technical Service Organization, i.e. the organization which promotes the development of housing societies and provides technical, organization, community and management services. In Lesotho the TSO, which is quasi-governmental, also has a production department which provides construction materials and components and in doing so, provides employment. The project began in 1976 and to date over 100 houses have been built on a self-help basis by the first cooperative organized. The project is funded by the U.N. Capital Development Fund, UNDP and the Government of Lesotho.

Although Asia has many different conditions, some elements of this and other ICHDA projects may be applicable, particularly the need for a TSO to give continuity to the development of low-cost cooperative housing. The TSO can be organized in many ways, e.g. located in a cooperative apex organization, in a government body, or in a specially created quasi-governmental body.

2. International Assistance

ICHDA is an international non-governmental organization providing technical assistance. It works with requesting organizations in preparing pre-feasibility and feasibility studies and in locating resources from donor agencies and other collaborating organizations included UNCHBP, UNHHSF, bi-lateral governmental organizations and bi-lateral non-governmental organizations.

3. General Remarks

The recommendation of the Habitat Conference in Vancouver strongly supported self-help cooperative housing and emphasized that shelter should be given a higher priority in many countries.

In many countries, the concept of a relative improvement of housing on a cooperative basis is important. To achieve improvement of conditions technical standards contained in local building codes, etc. may have to be lowered to enable the units to be affordable. Otherwise very large subsidies would be necessary which are usually not available in national budgets. Subsidies should be directed, amongst other things, to the creation of an efficient Technical Service Organization which can aid

self-help and to the creation of revolving funds at low interest which can continually be re-invested in low-cost housing.

It is also important to improve existing slum and squatter settlements and, when projects are in new zones are planned, to use sites and services schemes where possible.

4. Pilot Projects

The suggestion made by the seminar inviting ICHDA to collaborate in the development of pilot projects and other activities is most welcome and ICHDA looks forward to working with cooperatives in Asia in providing technical assistance in a variety of programmes in the future.

COOPERATIVE PRINCIPLES AS RELATED TO HOUSING

The seminar discussed the principles of cooperation which are registered to be observed by the housing cooperatives to maintain the cooperative characteristics of the organization. The following principles were discussed with their application to housing cooperatives.

- i) Voluntary and open membership
- ii) Democratic control
- iii) Limited interest on capital
- iv) Equitable division of surplus
- v) Cooperative education
- vi) Cooperative among cooperatives

The seminar observed that the housing cooperatives in their application of cooperative principles to their business practices should aim at the following:

- 1) To cultivate self-help

- 2) To provide to the members decent accommodation with secured occupancy at as low a cost as possible.
- 3) To encourage members and others to save, and channel such money into the financing of house building
- 4) To ensure quality and improved standards in housing.
- 5) To create necessary amenities of life.
- 6) To eliminate speculation
- 7) To create suitable environmental conditions
- 8) To foster community spirit among members.

COOPERATIVE HOUSING ORGANIZATIONS - HOW SHOULD THEY BE ORGANIZED?

Let us, for purposes of this discussion divide housing cooperatives into two types:

1) Continuous cooperative housing - either with co-ownership or with individual ownership.

2) Terminating housing cooperative society we agree that the ideal is the continuous type. Now the question arises - how to secure a continuity. One solution is to create an apex organization on a secondary level and then admit members to that organization. That would mean that the members eventually will have a dual membership - that is to say both as members of the apex organization on a secondary level and a membership on the primary levels as members of the Primary Society which has built their houses. I know that there may be some legal difficulty of having this pattern in some of the countries in the region. And another obstacle is that, as yet, the concept

of co-ownership has not been accepted. If you have individual ownership, there obviously is a danger that the housing society will terminate if not sooner, when the financial commitment to the housing society are over and the houses are owned individually without any financial commitment to the society. The former cooperative member then, as a matter of fact, is the private owner of the house and he has very little interest to stay within the cooperative society. At the most, he might be interested and still be a member for maintenance purpose but that I think that is very doubtful. So the question arises. Can we, by certain provision in the by-laws or even in national cooperative laws bind him to the society for an unlimited time? I think that it might be possible to do it in that way but it is very doubtful if it will stand up if all the members decide to terminate the society in a general meeting. Another way to secure continuity would be to secure a constant flow of new members into the society, which will mean that among the members, you have two categories. That is, those already housed and those who are on the waiting list to acquire a house. If you have a slight majority of the members on the waiting list that might be a guarantee for continuous production within the housing society. However, that creates the problems that within the same primary society, you have various sites which might geographically be quite far from each other and I don't think that you can create any common community feeling which covers all the areas.

So again, I come back to the structure of apex organization because the various areas could be transform into primary societies which will secure community feeling which is easier to create within a very limited geographical area and the original housing society could be transformed into an apex organization on secondary level.

FINANCING OF COOPERATIVE HOUSING

I shall have to talk about the financial pattern in Sweden and from that we can hopefully decide some aspects which are common in this region but, first of all, let me make some definition on terminology.

In Sweden, we have three sectors in housing. That is, the private, the cooperative and the governmental sector. We do not head the Coops under the private sector. We treat that as a separate sector. And also I am going to talk about estate. Estate could be defined as plot(s) with house(s) thereupon, and that estate is according to the Swedish system not dividable which means that you cannot have individual ownership vertically and also I am going to talk about capital costs. By capital costs, I mean interest and repayment instalments of mortgages and loans. Financing can, as far as the estates are concerned, be divided into two phases. The first phase is during the erection of building house and after that when the houses are ready comes the long-term financial aspect.

Short-term financing is usually provided by commercial banks in form of building credits which usually sum up to two years on the building time. And the system is, that when you start building an estate, you will apply for a credit corresponding to the cost of the whole project and the commercial bank, if approved, will hand out the credit gradually in accordance with the progress of the building, in

that way they have the security in form of constructions achieved. Usually, they though will only supply credit up to 80 or 85% of the total production costs which means that we have to provide supplementary building credit. We can do that within HSB.

When the estate is already built these short-term credits are exchanged for long-term loans. The long-term loans are provided as far as the first and second mortgages are concerned by a special mortgage institution. That institution is semi-governmental that is commercial as well as private and cooperative interests are represented. The interest on the first and second mortgages are at present in the bracket of 8 to 9% and it is usually not stipulated a fixed period of repayment and it can be headed as a statutory loan. The third mortgage is provided by the government through a special housing financing agency. This loan is repayable over a period of 30 years and the interest is about half per cent higher than on the first and second mortgage. The top finance has to be provided by the builder or the owner of the estate. The upper mortgage limit of the third mortgage varies according to who is the owner of the estate. A private owner gets up to 85-90% of the production costs, cooperative gets up to 99% and municipality owners gets up to 100%. That would in theory mean that the initial deposit required of a member in a cooperative housing society would be 1 per cent of the cost of the unit he occupies. In reality though

the state financing agency who fixes the credit value of the estate are not prepared to accept the actual production cost as credit value. At present, that means that there is a gap of about 10 per cent which also must be covered by initial deposit by the member. The government subsidizes housing in form of guaranteeing the capital costs below the market conditions as quoted above. The capital cost for a newly built estate is guaranteed at 3.9 per cent and the difference between that and the actual credit costs is covered by the estate. The 3.9 per cent guarantee is valued for the first year and is increased by 0.15% each following year up to prevailing with the prevailing capital cost in the market.

SAVINGS

In order to make it possible for the members to meet the requirements of paying the necessary initial deposit, it is very important that a pre-savings scheme is introduced. That, however, must not mean that their chances of getting a house is dependant on the amount saved. The condition should be that they enter into a savings scheme not the amount they save. So the minimum savings required in, for instance, monthly instalments should be fixed as to be realistic and obtainable to the majority of the members.

It is important to make the goal for the savings as tangible as possible which means that the time when as the result of their saving they can

get a house will not be too far away in time.

Saving deposits should, however, not be stopped when the house is acquired. People should be encouraged to continue saving within their cooperative housing society. The aim for their savings at this stage could be towards commodities related to their dwellings. It could be considered that their savings deposits could be collected at the same time as they pay their rents. The momentum of saving as they experienced when saving for their initial down payment should be maintained.

EDUCATION PROGRAMME AND METHODS

Seminar discussed in detail the education and training needs of the housing cooperatives. The seminar observed that some arrangement for cooperative education and training existed in all the countries of the region. However with regard to cooperative housing, the existing facilities suffered from the limitations of means, methods and resources.

Education needs to be a permanent activity in the functioning of a cooperative. It must involve every member of the cooperative and must be planned according to the needs of each stage of the development of a housing project. Where the cooperative housing movement has not gathered sufficient momentum, special attention must be given to training prospective members in the basic postulates of the movement and in group dynamics. Cooperative housing administration should also be taught to prevent disasters caused by faulty management at the start. As housing cooperatives required the services of the dedicated

persons, the seminar recommended that it was necessary that the education and training programme meant for the leaders of the movement and the managers of cooperatives should provide for imparting adequate knowledge about social, economic and other related objectives of the movement as also giving practical guidance in planning and execution of housing projects, and in other aspects of management and administration of housing cooperatives. The education programmes should also provide for intensive training to the executives and employees of the housing cooperatives concerned with their day to day administration.

The seminar recommended that the subject of cooperation should be integrated in the curricula of the schools and colleges. Those cooperative institutions and organizations responsible for promotion of cooperative education should arrange for pre-membership education as well as for the leaders of the housing cooperatives. Special training courses of short term and long term duration should be conducted for training the personnel of the cooperatives at various levels including the executives entrusted with managerial duties. Wherever feasible special schools and colleges for training in cooperative housing should be established for imparting training to the personnel of housing cooperatives of various cadres.

The seminar observed that the short term activity in the education programme may take the form of group and panel discussion, seminars and symposia.

Audio-visual aids like radio, television, film shows, slides, posters, exhibitions etc. should be used as a part of the method of implementing education programmes.

ROLE OF THE STATE IN COOPERATIVE HOUSING

Most governments have been concentrating their resources on economic and social development activities for raising the standard of living of their population. Housing has an important place in the process of development. By improved housing, dignity of man can be ensured and his surroundings improved so that his latent qualities get unveiled and he can be motivated for further self development. The state has a distinctive role to play in the field of housing, where it can provide physical infrastructure and other resources, thereby making it much cheaper for the people to build their houses. The infrastructure provided by the state can be used by the people by using self-help methods and collective efforts. It is in this context cooperative housing has an important role to play. The housing cooperatives can use the infrastructure provided by the government for their benefit by using their collective efforts to maximize the results.

Provision of land has become a major problem in the implementation of programmes for urban housing and related urban facilities, Speculation, prevailing tax-structure, wasteful sub-division and prevailing building practices had resulted into scarcity of land, their high prices thereby making it difficult to build low or moderate cost houses. One of the roles that can be played by the

government is to make available necessary land to the housing cooperatives at a low or reasonable prices by framing rational land policy.

The state can also produce necessary financial structure, thereby making it possible for the housing cooperatives to raise necessary funds to supplement their own resources raised collectively.

Another sphere of activities in which the state can assist the housing cooperatives is to frame its policy in such a way as to bring the scarce building material within their access.

In the field of improvement and development of slums and squatter settlements, housing cooperatives can play a role much complementary to government efforts. Government can provide necessary services and amenities which are basic to human life. Housing cooperatives can endeavor to manage and provide all community and social services by their collective efforts so as to improve the human conditions and upgrade the social status of the people living in such settlements.

In the matter of provision of finance, state assistance is sought for by way of subsidy. Due to constraints on the resources of the state it may not be possible in all cases to provide subsidy directly. Differential interest rate pattern can be adopted thereby charging a much low rate of interest to low-income groups and high interest rate to higher income groups.

STANDARDIZATION OF BUILDING COMPONENTS AND JOINT PURCHASE OF BUILDING MATERIAL.

There is a dual purpose that makes standardization

of building components necessary. The obvious reason is to try to lower the actual initial building cost of a house. The second aspect is that it would be much easier to uphold a maintenance program if the components are easily exchangeable. You should have also, not only technical standards but also measurement standards. The same things can be applied to doors. I think it would be enough if you have one standard measurement for the entrance door, one for communicating doors between rooms and one for the bathroom.

Standardization should also have an effect on the labor cost as part of the total production cost. The labor cost varies from something like 20 to 30% of the total cost and through introducing standard elements, it could be possible to cut down the labor cost.

I must, as my personal opinion though, say that standardization to the extent of pre-fabricated materials on the room size scale might not be a solution because my experience of industrialized pre-fabricated housing system is that, first of all, it requires very skilled labor because the tolerance, when the various elements are to be put together is very narrow. Apart from that, I think, there is a trend that areas with pre-fabricated houses show very little variation. It makes the whole area rather monotonous. The only advantage, as I can see, lies in the time saving element. But in some countries anyhow, if labor is available in plenty.

One other effect that is positive is that standardization to this extent will bring out what might be called the repetition factor.

It is my experience that if you have an area of say 10 houses the first pre-fabricated house can even be more expensive than if it were built with traditional methods. But the second house will be a little cheaper and the third, will be cheapest still and so on. The reason for that probably is that the workers are getting more and more familiar with the method and knows exactly where the various components will be fit in and how to fit them in. So he don't have to consult any construction drawings and in that way, he gets more familiar with the rythm in his work.

As far as self-help program are concerned, it is obvious that if you have standardization of the smaller components, it will be much more easier for the unskilled builders to take an active part in building his house.

SIDE ACTIVITIES WITHIN A COOPERATIVE HOUSING SOCIETY

The housing cooperatives aim to create new forms of urban or rural life with better standards of living and improved human relations based on cooperation, mutual aid, equality and progressive social institutions. The seminar observed that housing cooperatives undertake side activities which are auxiliary and subsidiary to their main object, i.e. provision of housing so as to build up healthy and progressive community life.

The main task of the housing cooperatives is to provide to their members suitable housing accommodation at a reasonable cost and easy terms of payment. While doing this they also aim to create improved environmental

conditions by laying out roads, drains better sanitary conditions, provision for water etc. They also try to provide basic amenities like provision of electricity, tap water, gas, street lighting, garbage disposal etc. The seminar observed that housing cooperatives are generally situated in such localities which may be away from main city or urban centers and therefore may not be provided with basic civic amenities. Housing Cooperative therefore may have to endeavour to provide such amenities to their members and in that context may have to undertake to arrange for transport and marketing facilities, run health centers, provide laundry services etc. Cooperatives may undertake such activities depending upon the needs and resources of their members.

Inculcation of spirit of cooperative and building up healthy community life being the main motto of all cooperatives. The seminar felt that housing cooperative should undertake educational and cultural activities so as to build up a progressive social life of their members. Instances were cited in this regard of many cooperatives running kindergarden schools, primary level schools, keeping libraries, playgrounds, recreation centers and organizing youth clubs etc.

In order to create cooperativeness within cooperatives, the housing cooperative should promote other type of cooperatives within their area of operation wherever it is not possible for them to undertake any particular activity directly. The types of cooperatives which can generally be promoted by housing cooperatives are consumers and credit cooperatives.

International Cooperative Alliance
 Regional Office & Education Centre
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REGIONAL SEMINAR ON THE DEVELOPMENT OF COOPERATIVE HOUSING
 10th - 29th November 1977
 Philippines

FINAL PROGRAMME

SESSIONS:

BREAKS

Mornings. . . 9:30 - 12:30	Morning Tea . . 11:00-11:30
Afternoons. . 14:30 - 17:30	Lunch . . 12:30-14:30
	Afternoon Tea . 16:00-16:30

* * * * *

Thursday November 10

Arrival of participants at Tropical
 Palace Resort Hotel Metro Manila

Friday November 11

Forenoon

Study visits to San Dionisio Credit
 Coop and Cooperative Housing Project
 Parañaque, Rizal

Afternoon

Return to Hotel

Saturday November 12

Forenoon

Short introduction and presentation
 of Seminar

Afternoon

Sight-seeing tour of Manila & suburbs

Sunday November 13

Forenoon 0830

Departure from hotel to Baguio City
 by coach

Lunch

(en route) Fiesta Restaurant
 Sison Pangasinan

Afternoon

Arrival at Villa La Maja Hotel
 South Drive Baguio City

Monday November 14

Forenoon 10:00

Inauguration
 Hon. Jose A. Roño, Secretary, DLGCD
 Guest Speaker

Programme and working methods of
 the seminar

Afternoon

Presentation of country papers

Tuesday November 15

Forenoon Presentation of country papers (continued)
Afternoon Discussions

Wednesday November 16

Forenoon Cooperative Housing from an
International Viewpoint
Sven Kypengren
Afternoon Cooperative Housing in Southeast Asia
Lionel Gunawardana

Thursday November 17

Forenoon Cooperative Principles as Related
to Housing
Sten Johnsson
Afternoon Discussions

Friday November 18

Forenoon Cooperative Housing Organizations
how should they be organized?
Sten Johnsson
Afternoon Discussions

Saturday November 19

Organizing working groups

Sunday November 20

FREE

Monday November 21

Forenoon Education Programme and Methods
D. D. Naik
Afternoon Savings Programme
Sten Johnsson

Tuesday November 22

Forenoon Financing of Cooperative Housing
Sten Johnsson
Afternoon Group Work

Wednesday November 23

Forenoon Plenary on Group Work
Afternoon Side Activities within a housing
cooperative
D. D. Naik

Thursday November 24

Forenoon Role of State in Cooperative Housing
Abelardo S. Resurreccion

Afternoon	Group Work
<u>Friday November 25</u>	
Forenoon	Standardisation of building components. Joint purchase of building materials. Sten Johnsson
Afternoon	FREE
<u>Saturday November 26</u>	Plenary on Group Work
<u>Sunday November 27</u>	FREE
<u>Monday November 28</u>	Final Plenary Reading of the Draft Report Evaluation
<u>Tuesday November 29</u>	Departure of participants for Manila

REGIONAL SEMINAR ON THE "DEVELOPMENT OF COOPERATIVE HOUSING"

Philippines : 10 - 29 November, 1977

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REGIONAL SEMINAR ON THE "DEVELOPMENT OF
COOPERATIVE HOUSING", PHILIPPINES:
10-30TH NOVEMBER, 1977

BACKGROUND PAPER
ON
COOPERATIVE HOUSING IN BANGLADESH

Mr. Kazi Abdus Salam,
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Mr. A.H.M. Shafiqul Mowla
Executive Secretary,
Bangladesh Jatiya Samabaya Union

Mr. Shafiullah Patwari,
Asst. Registrar, Cooperative Societies,
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COOPERATIVE HOUSING IN BANGLADESH

- Kazi Abdul Salam
- A.H.M. Shafiqul Mowla
- Md. Shafiullah Fatwani

1. INTRODUCTION:

The Peoples' Republic of Bangladesh has emerged on the map of the world as an independent and sovereign estate with a territory of 55,126 sq.miles on the 16th of December, 1971, after a prolong struggle of nine months with an estimated population of 75 million. The density of population is 1,360 per sq.miles, which is one of the highest in the world, having a growth rate of population 2.9% per annum. Thus, there is an addition of 2.25 million of population in every year, who have not only to be fed, but also to be housed.

During the period of liberation struggle, about 2.3 million families have been rendered homeless by the occupation army. Besides, frequent natural calamities like flood, cyclone, tidal^a bore and tornado, etc. aggravating the deplorable housing situation in the Bangladesh.

But the present arrangement of housing and rehabilitation is considered quite inadequate in view of the prevailing circumstances.

2. HOUSING CONDITIONS

Bangladesh is mainly an agricultural country and her socio-economic development is based on agriculture. About 90% of the population live in rural areas and the remaining 10% live in urban areas and industrial centres.

Housing standard are extremely poor in consideration of durability and the density of occupancy per unit of dwelling. Housing patterns also vary in the rural, urban and coastal areas, industrial ^{centres} and even from regions to regions. Most of the houses in the rural are made of wood, bamboo, thatches and earthen katcha bricks. Majority of the people both in the urban and rural areas are living under condition unsuitable for human habitation. This condition of housing is deteriorating further, everyday, due to gradual increase of the number of landless laborers in the rural areas and their inflow towards urban areas and industrial centres.

3. TYPES OF HOUSING COOPERATIVES

Keeping in view of the existing socio-economic background, the importance of cooperative activities in the field of housing can not be exaggerated in a developing country like Bangladesh. And being guided by the principle of cooperative, Housing Cooperatives are organized and developed with two characteristics, viz.; 1) Sectarian Basis - only for Ismailia Community and 2) Cosmopolitan basis:

But all these societies are of primary type, as there is no intermediary/regional or national organisation has yet been developed.

POSITION OF HOUSING COOPERATIVES - (as on 30.6.76)

The position of Housing Cooperatives in Bangladesh as on 30.6.76 are as follows:

a) Number of Cooperatives. 139

b) Number of members	12,812
c) Share capital TK	11.24 Leacs
d) Thrift Deposits TK	14.47 "
e) Reserved Fund TK	8.98 "
f) Loans Held TK	19.62 "
g) Houses built by Cooperatives	1504
h) Houses built by members	997

5. METHODS OF FUNCTIONING OF HOUSING COOPERATIVES

The methods of functioning and operation of cooperative housing societies differs from area to area and society to society. Some cooperative societies are obtaining lands, developing and allotting the plots to their members, houses are being constructed by the individual members on there approved plan and scheme of their society.

Some other housing cooperative societies - are obtaining lands, developing and constructing houses/buildings and finally allotting the houses/flats to their members.

All the allottee members ultimately become the owner of the houses/flats on payment of the fixed amount on instalment basis as decided by the management of the society.

The Government generally assists the housing cooperative societies in obtaining land by way of acquisition and giving preferential treatment in

allotment of government khas land or acquired lands to the cooperative housing societies.

6. SOURCES OF FINANCE

The main source of finance for the housing cooperatives is the House Building Finance Corporation which was established in the year 1954 for providing finance to any housing construction. Loans are generally sanctioned on the mortgage of the land and buildings to be constructed. The ^{quantum}~~guarantee~~ of loans vary generally on the variation of size and type of their building to be constructed and also in consideration of the buildings to be used. The rate of interest varies from 5% to 11% per annum and the period of recovery varies from 10 to 25 years.

The commercial banks also started financing housing cooperatives and individuals on mortgage of lands and building to be constructed. The other sources of finance are the deposits from the members.

7. PROBLEMS OF HOUSING COOPERATIVES

The problems of cooperative housing are of various nature and types and it varies from area to area. The main and major problems are as follows:

a) SCARCITY AND HIGH COSTS OF LAND IN URBAN AREAS:

ndLand is scarce in most of the cities specially in DACCA, CHITTAGONG, ^KHULNA where

dwelling of the cities are rapidly increasing with the influx of rural unemployed population and evacuees to the cities. These creating further pressure on the limited land available in the city areas and suburbs and creating the position of scarcity of lands worse. As a result, the price of the land is increasing day by day to the extent that it has gone beyond the reach of the common people.

On the other hand, lands are easily available in the rural areas at a comparatively lower price but the financial position of the rural population are so deplorable that they are not in a position to purchase lands and construct a house/building on it.

b) LACK OF FINANCE

Faucity of finance is one of the major problems in organising and developing cooperative housing societies. At present Housing Building Finance Corporation is mainly providing loans to the individuals and also to the cooperative societies on certain terms and conditions. Very recently, the Commercial Banks also started advancing loans to certain specific cases on experimental basis.

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But all these facilities are meant for the urban population, specially for those who have means. The rural people to whom finance is the main hurdle, are deprived of loans from this specialized institution and commercial banks.

In these circumstances, they are to depend only on their savings to construct housing^{ing} through cooperatives, whereas the per capital income of rural population in noway, can be more than TK 400/00. Keeping in view of the average income of the lower income group of population, it can easily be ascertained that it is a difficult task for them to generate adequate savings and capital in the rural areas to develop housing through cooperatives unless some other measures are adopted to enable them to own a house or to finance them on the basis^{of} specific project.

c) INADEQUATE SUPPLY AND ^{Savings} SAVING PRICES OF BUILDING MATERIALS

Non-availability of construction materials and their high price, where available are one of the main obstacles

to the development of housing constructions in general and the development of housing cooperatives in particular. It is almost impossible to a person of lower income group and even for a middle and upper middle family to arrange the construction materials and to construct a house. Only the persons who can afford to meet such an exorbitant price are fortunate enough to have a house or houses.

d) MANAGERIAL AND TECHNICAL KNOW HOW

The lack of managerial and technical skills and high cost of these are also creating obstacles to the development of cooperative housing in particular and housing, in general.

e) NON EXISTENCE OF PROPER ORGANIZATION FOR THE PROMOTION OF HOUSING COOPERATIVES

The absence of any controlling/supervisory agency or coordinating body to guide and promote cooperative housing is an impediment to the development of housing cooperatives.

The existing deplorable housing situation in Bangladesh deteriorates further due to frequent natural calamities like, Cyclone, flood, tornado, tidal wave etc.

This further aggravating with the gradual

increase of population at a rate of 2.9% per annum. That is adding 2.25 millions of population every year. And thus, placing demand for 5 lacs additional house every year.

8. PRESENT POSITION

a) In order to encounter the multifarious problems of housing cooperatives, the Bangladesh, Jatiya Sambhaya Union initiated an "Action Programmed" to form subdivisional/Regional Coordinating body and also apex organization of housing cooperatives.

b) The government of Bangladesh has also taken some positive steps to cope with the Housing Problems;

1) By reducing the rate of interest on house building loans of the cooperative societies;

2) By the relaxing the terms of the repayment up to 25 years for multistoried cooperative complex.

3) By increasing the quantum of loans upto Taka 2.5 millions.

4) And very recently the government has declared as a matter of policy that the groups of individuals forming cooperative societies will get preferential treatment in getting allotment of Khas lands as well as government acquired lands in the urban areas of the important cities of the country.

c) In view of the government policy, the cooperative department is giving special attention to the problems of housing cooperatives.

But all these efforts are considered insignificant in consideration of the gravity of the situation, that is now prevailing in Bangladesh. Every part of Bangladesh, whether urban, semi urban or rural are confronted with the problems of providing suitable housing accommodation to its people. Specially the prevailing rural situation demands rehabilitation and reconstruction of the village economy and necessitated immediate action in the forms of physical village reconstruction, creation of new environment in village life, development of socio-economic infrastructure, and overall improvement of village economy and also, if possible, replacing of the villages by consolidating the scattered houses into a compact planned settlement, by conservation of agricultural land and by providing transportation facilities upto the remotest corner of the country.

In order to solve the problems that the housing cooperatives are facing at present and to materialise the actions suggested above the vigorous efforts and coordination from the Bangladesh Jatiya Samabaya Union and the Government of the country is urgently needed, as well as urgent attention of the international financial agencies and organisations under the supervision and guidance of International Cooperative Alliance are also required.

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COOPERATIVE HOUSING IN BANGLADESH

Background Paper
(Synopsis)

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1. INTRODUCTION

The People's Republic of Bangladesh has emerged on the map of the world on the 16th of December, 1971, as an independent Sovereign State with a territory of 55,126 sq. miles and with an estimated population of 75 million. The present density of population is 1,360 per sq. mile, which is one of the highest in the world and having a growth rate of population 2.9% per annum. Thus, there is an addition 2.25 million in every year who have not only to be fed but also to be housed.

But the present arrangement of housing and settlement is considered quite inadequate in view of the pressure of the population.

2. TYPES OF HOUSING COOPERATIVES:

The cooperative housing has been developed with two characteristics, viz:

- a) Sectarian Basis - only for Ismailia community
- b) Cosmopolitan Basis - for all

All the Societies, at present, are of primary type.

3. STATISTICS OF HOUSING COOPERATIVES:

a) Number of Co-operatives -----	139
b) Number of Members-----	12,812
c) Share Capital-----	Tk. 11.24 lacs
d) Thrift Deposit-----	Tk. 14.47 "
e) Reserve Fund-----	Tk. 3.98 "
f) Loans held-----	Tk. 19.62 "
g) Houses built by Co-operatives-----	1504
h) Houses built by members-----	997

4. METHODS OF FUNCTIONING OF HOUSING COOPS.

- a) Some cooperatives are obtaining lands, develop-

ing and allotting plots to their members. Houses are being constructed by the individual members on approved place of the Society.

b) Others are obtaining lands, developing and constructing houses/buildings and allotting the plots and houses to their members.

Government, generally assists coops in obtaining lands by way of acquisition.

5. PROBLEMS OF HOUSING COOPERATIVES:

The problems of cooperative housing are of various nature and types and it varies from area to area. The main and major problems are as follows:

- a) Scarcity and high cost of land
- b) Lack of finance
- c) Inadequate supply and soaring prices of building materials.
- d) Lack of managerial and technical skills.
- e) Absence of any controlling or supervisory or coordinating agency/organization to promote cooperative housing.

The existing deplorable housing situation deteriorates further due to frequent natural calamities, like cyclone, flood, tornado and tidal bore, etc.

6. PRESENT POSITION

- a) In order to encounter the multifarious problems of Housing Co-operatives, the Bangladesh Jatiya Samabay Union initiated an Action Programme to form Sub-divisional/Regional Coordinating body and also Apex Organization.
- b) The Government of Bangladesh has also taken some positive steps to cope with the Housing problems:
 - i) by reducing the rate of interest on house building loans of the CoOp Societies;

- ii) by relaxing the terms of repayment up to 25 years for the multi-storied co-operative complex.
 - iii) by increasing the quantum of loans up to taka 2.5 million;
 - iv) And very recently government has declared as a matter of policy that the groups of individuals forming co-op. societies will get preferential treatment in getting allotment of Khas land, as well as government acquired land in the urban areas of important cities of the country.
- c) In view of the government policy the Co-operative Department is giving special attention to the problems of Housing Cooperatives.

7. But all these efforts are insignificant in consideration of the gravity of the situation, that is now prevailing in the country. Thus it demands the urgent attention of the International Agencies, organizations, especially the International Co-operative Alliance.

REGIONAL SEMINAR ON THE DEVELOPMENT OF COOPERATIVE HOUSING

10th - 30th November 1977

COOPERATIVE HOUSING IN INDIA

by

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Chairman
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Federation Ltd.
I N D I A

Cooperative Housing in India

by

H. K. Kumara Swamy

INTRODUCTION:

Cooperative Housing movement in India was initiated more than half a century ago. The problem of providing suitable housing accommodation to the people is being confronted all over the country. The restrictions imposed by the Rent Control Acts and the burden of Estate Duty have made investment in house property unattractive. As private enterprise operating on the basis of profit can only build houses for the people, who can pay for them, it cannot cater to the requirements of working and lower middle classes. Since private enterprise was not in a position to provide adequate housing for low income groups, State has to fill the gap and assist in the construction of suitable houses for the low and middle income groups. A number of schemes were therefore introduced by the Central and the State Governments to promote housing under the Social Housing Schemes. Due to financial constraints and the priorities given to other sectors of national economy the provision of funds made for housing sector was not adequate to meet the deteriorating housing situation. It was therefore, considered necessary to accelerate pace of State efforts by using the housing cooperatives as its trusted agencies. This type of organization was being used to involve private initiative and encourage the people to solve their housing problem through their own efforts.

Housing cooperatives, which are of special assistance to low and middle income groups, have made a substantial contribution to easing the housing situation in some States. By their well-planned and well-designed estates, they have not only provided decent housing to their members but have also arranged for common services and facilities such as streets, drainage, water supply and street lightning. Housing cooperatives have a record of having helped labors (hundreds of thousand) of people to acquire decent-houses. Their social contribution is also not of less importance. Not only have they stimulated the founding of new houses by facilitating acquisition of decent accommodation, but they have been instrumental in creating better environmental conditions, thereby improving the living standards of their members. They have also contributed to the economy of the country by providing employment in their housing projects to hundreds of thousands people and have helped the expansion of the building material production industry. They are also being recognized as one of the agencies for the implementation of national housing policies. However, this form of popular participation is not being adopted to the extent of its positive potential.

A BRIEF REVIEW OF THE PROGRESS OF THE COOPERATIVE HOUSING
MOVEMENT IN INDIA

The first cooperative housing society in the Country was registered in the year 1915. The movement could not make any progress during the two world wars. The economic depression of 1929 and consequent fall in rents and slumps in trade gave a set back

to the movement. After World War II, conditions became favorable in the country for the housing activity in general. The demand for houses again began to increase and new cooperative housing societies were being organized.

According to the figures published by the Reserve Bank of India in the Statistical Statements relating to Cooperative Movement in India there were 25,633 cooperative housing societies as of 30th June 1975, with their main statistics as under:

1) Membership	-	1,636,441
2) Paid up Share Capital	-	Rs 466,065,000/-
3) Reserve and other funds	-	Rs 122,845,000/-
4) Total borrowings	-	Rs 3506,987,000/-
5) Housing Units constructed	-	352,283
6) Loans Outstanding	-	Rs 1259,215,000/-

ORGANIZATIONAL PATTERN OF COOPERATIVE HOUSING SOCIETIES IN INDIA

Primary cooperative housing societies on the basis of their ownership of the land and buildings is classified in India into the following types:

- i) Tenant Ownership Housing Societies - Under this category the land is either held on leasehold or free hold basis by the societies and the houses are owned by the members.
- ii) Tenant Co-partnership Housing Societies - These housing societies hold better land and buildings either on leasehold or free hold basis and allot them to their members. Such societies are organized in big cities where the land

is very costly. The societies construct multi-storeyed buildings consisting of flats and allot them to their members, with permanent right of occupancy. Subject to the conditions of allotment of the societies.

- iii) House Mortgage Societies - In this type the society lends money to its members for construction of houses for dwelling. The members have to make their own arrangement for building their houses. This type of society is really a credit society. It exists in order to provide individuals specifically their requirements towards housing.
- iv) House Construction and House Building Societies - In this type, the societies spend money on behalf of the members in building the houses and the houses are handed over to them where ready and the money spent is recovered as a loan.

FINANCING HOUSING SOCIETIES - SOURCES AND METHODS

One of the main difficulties that impede the progress of cooperative housing in India is the inadequacy of their financial resources.

At present various sources of finance available for financing cooperative housing projects can be enumerated as under:

- i) Resources of the members mobilized;
- ii) Raising deposits and borrowings from sources other than Government Central Financing Agencies and apex finance societies.
- iii) Financing through State funds
- iv) Provision of finance by the Central financing agencies.

v) Finance provided by State Cooperative Housing Finance Societies.

vi) Finance provided by Life Insurance Corporation of India.

vii) Financing by HVDCO.

RESOURCES OF THE MEMBERS MOBILIZED BY HOUSING COOPERATIVES

The housing cooperatives mobilize the resources of their members to the extent of 20 to 40 per cent as down payment. Out of the total working capital of the cooperatives of Rs6,374,489,000/- an amount of Rs2,278,592,000/- is contributed by the members as down payment towards their housing projects.

Another means of mobilizing the resources of the members is their contribution towards the share capital. As of 30th June 1975, the paid up share capital on account of shares purchased by the members of the primary societies was to the extent of Rs 466,065,000/-.

RAISING DEPOSITS AND BORROWINGS OTHER THAN FROM GOVERNMENT AND APEX SOCIETIES

Housing societies also raise their funds by deposits, issue of loan bonds, borrowings from indigenous bankers, cash credits from urban and commercial banks, mortgage loans from private lenders, etc.

Total borrowings of these types amounted to Rs 709,953,000/- as of 30th June 1975.

FINANCING THROUGH STATE FUNDS

Government of India has introduced special schemes for assisting people of low income groups, middle income groups,

industrial workers and weaker sections of the community.

Assistance provided under the schemes to cooperative housing societies was to the tune of Rs 388,234,000/- as of 30th June 1975.

PROVISION OF FINANCE BY THE CENTRAL FINANCING AGENCIES

The Central financing agencies like cooperative district banks provide temporary loans to assist the housing cooperatives to expedite their housing projects. The total amount of such temporary finance provided by the central financing agencies is Rs 746,328,000/-.

FINANCE PROVIDED BY STATE COOPERATIVE HOUSING FINANCE SOCIETIES

Organizational pattern of the cooperative housing movement in the States consists of a two-tier federal structure which are apex society at the state level and primary affiliated societies all over the State. The functions of the apex societies include provision of finance, general guidance and advice in administrative, technical and legal matters, assistance in procurement of building materials to primary societies and general coordination and supervision of their activities. So far State level apex housing finance societies have been set up in 17 States. Following statistics will indicate the progress of apex housing finance societies as of 30th June 1975.

a) No. of apex coop. housing societies	- -	17
b) Membership of apex societies	- -	11,430
c) Working capital	-	2,235,701,000/-
d) Paid up share capital	-	241,042,000/-
e) Total borrowings	-	1,798,146,000/-
f) Loans outstanding	-	2,024,821,000/-

FINANCE PROVIDED BY THE L.I.C.

Life Insurance Corporation of India is playing a significant role in provision of finance to the cooperative housing societies.

The L.I.C. has provided finance to housing cooperatives to the following extent.

- 1) Through apex housing finance society - Rs1,579,411,000/-
- 2) To primary housing societies directly - 44,928,000/-

FINANCING BY HUDCO

Housing and Urban Development Corporation, a government of India undertaking has financed selected primary housing cooperatives. Hudco's finance to primary housing cooperatives as of 30th June 1975 amounts to Rs38,633,000/-.

PATTERN OF FINANCING BY COOPERATIVE HOUSING

Most of the primary cooperative housing societies borrow from apex housing finance societies. The loan conditions prescribed by the apex housing finance societies are therefore, to be followed by the primary housing societies. Following are the main conditions on which loans are granted.

- 1) Purpose of Loan -
 - 1) Purchase of land and to form layout sites.
 - 2) Construction of dwelling houses.
 - 3) For additions and improvements to the existing houses.
- 2) Maximum amount of loan-sanctions - The maximum amount of loan sanctioned is subject to a prescribed percentage of the cost of construction which varies from 80% to 60%.
- 3) Ceiling on the cost of construction and carpet area - Most of the apex housing finance societies have imposed ceiling on the cost of construction of a dwelling unit and also carpet area to be constructed.

- 4) Mode of disbursements - Generally the sanctioned loan is disbursed in four instalments depending on the progress of construction.
- 5) Period of repayment - Loan advanced is recovered within 20 years in quarterly equaled instalments. In some cases the recoveries are also made by annual instalments.
- 6) Rate of interest - Rate of interest is generally higher than the borrowing rate by 1 to $1\frac{1}{2}\%$.
- 7) Security for this loan- Loans are advanced against the security of land and building.

ADMINISTRATIVE ARRANGEMENT FOR LEGAL AND TECHNICAL GUIDANCE

The primary cooperative housing societies which are organized generally by people of low income groups and middle income groups are not in a position to arrange for legal guidance, technical supervision over their housing projects. Generally in cooperative set up the need of legal and technical guidance is supplied by the apex housing finance societies which maintain technical advised for the following services:

- i) Investigation of title to the land.
- ii) Drawing of mortgages and other documents.
- iii) Scrutiny of plans and estimates of the projects.
- iv) Inspection of housing projects to ensure utilization of finance.

Cooperative housing movement has made considerable progress in big industrial towns and cities. It is also spreading in the rural areas. With the spread of the movement apex cooperatives were organized and registered in 17 States and they have been playing a significant part in providing the necessary finance and guidance.

to the housing cooperatives in their respective states. A National Cooperative Housing Federation has been established which is expected to coordinate and guide the activities of the State level institution. N.C.H.F. has been providing guidance to the movement through its technical and legal cells which are meant to provide legal and technical services to the housing cooperatives. It is also promoting cooperative education in the housing field. For this purpose the N C H F has been bringing out necessary literature. Arrangement for training has been also made at school level, college level and at the level of national institute for imparting training to the leaders of cooperative housing movement and employees of cooperative organizations in housing sector.

The main difficulty faced by the housing cooperatives is the lack of arrangement for provision of adequate finance. Life Insurance Corporation of India is today the main source of finance to the housing cooperatives in the country. However due to many competing demands for finance, the L.I.C. is not in a position to meet the requirements of housing cooperatives to the fullest extent. The Reserve Bank has appointed a study group to examine the question of extending the Banking finance to this housing sector. The findings of the Study Group are awaited. The conference of the State Ministers for housing held in 1976 has recommended introduction of mortgage guarantee insurance scheme to impart liquidity to the mortgage securities and thereby held to develop a secondary mortgage market.

Another difficulty of serious consequences faced by housing cooperatives in urban areas is with regards to the non-availability

of land. Government has enacted a special law for regulating sale of urban land and for imposition of ceiling on holding urban land. It is expected that cooperatives may be given preference for allotment of land after government acquires surplus land under the new law.

Housing cooperatives in the country are of special assistance to the economically weaker section of the community and to the low income groups. Seventy percent of the finance provided by the cooperative goes for the benefit of the weaker sections and low income groups. In view of the importance of the role played by these cooperatives in promoting social housing many of the states have provided incentives to these cooperatives by given them tax exemptions and remission in stamp duty and registration fees.

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REGIONAL SEMINAR

On

DEVELOPMENT OF COOPERATIVE HOUSING
(Philippines) from 10th to 30th November 1977

Cooperative Housing for Low Income and economically
Weaker Sections - Background Paper

By

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Organised by

INTERNATIONAL COOPERATIVE ALLIANCE,
Regional Office and Education Centre
for South East Asia.

CO-OPERATIVE HOUSING FOR LOW INCOME GROUP
AND ECONOMICALLY WEAKER SECTIONS

BY H.K. KUMARA SWAMY,
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National Co-operative Housing
Federation - New Delhi - India.

The importance of Housing cannot be overemphasized, it is equally important as food and clothing and also forms a primary necessity of life of the people. Housing and health of the people are interconnected. Better Housing has a vital bearing on the health of nation and the standard of living of the community in general. However efficient both physically or mentally the people are their efficiency is bound to suffer when they have to live in filthy and insanitary surroundings. Improper - Housing Schemes under insanitary conditions not only deprive the people of their zeal and energy but also lead to the breeding of contagious diseases.

The expanding growth of population, the national struggle to transform the economic basis of the State from agricultural to non-agricultural, the influx of rural population to urban areas to better their conditions of living have created a stupendous problem with concentration of population. With the result the problem of Housing has become complex and complicated.

As the demand for houses increased, with the Industrial development of the country, the Low and the Middle class of the Society who constitute the bulk of population of the country find it - extremely difficult, if not impossible to spare means and time to build houses for themselves.

More than 80% of the entire population of our Country live in villages and hence whatever improvement is done for Towns and Cities it cannot be called as improvement to the people of the

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Country unless the living conditions of the rural folk are bettered. Rightly has the father of the nation once observed "if the Village perishes India will perish too". In many developing countries with predominately agrarian economy to attain fast rate of economic growth higher priority to industrial Development had been given and due emphasis on Socio-economic Development of rural areas had not been laid. This has resulted in diversion of rural resources which has stunted the growth of agricultural and rural economy and rampset exodus of rural population to urban areas, slow pace of agrarian reforms and the inequitable distribution of economic gains have also impoverished the rural economy and aggravated the poverty of the masses. All these factors have adversely affected the housing conditions in rural areas. So it is evident that every effort has to be taken to improve the villages and the living conditions of villagers.

As bulk of the population residing in rural areas, improvement of Housing conditions in rural area is considered essential, and it would enable the villager to lead a clean and healthy life. The improvement of housing condition will have a direct impact on the economy of the rural areas. When village families move into new and improved houses in replanned villages with proper streets and drains, safe drinking water, open spaces, play - grounds, community centres etc., they will naturally want to live better and will be motivated to exert greater effort towards improvement of their agricultural and industrial production which alone can provide them with the additional resources required to meet their growing demands for better living. Improvement of Housing conditions and provision of connected facilities would also assist in bringing down the rate of migration of population from rural to urban areas and thus help to reduce the complications and insanitary conditions created by overcrowding in various towns and cities of the country where housing programmes cannot keep pace with the growing demands for the houses.

Carrying out these improvements would involve an expenditure running into several thousands Crores of Rupees. Hence the question before us is whether this could be achieved through Governmental effort alone. In the present context of competitive claims of other developmental activities the answer is that Government alone will not be able to tackle this stupendous task. The people as a whole are to be awakened to the need of making a concerted effort in this direction. It is only by the concerted efforts of all the agencies like individuals, institutions, Co-operatives, local bodies, and Government that the problem can be effectively tackled.

In the past housing was left largely to the private effort. A large number of houses have no doubt been built by individuals, but they were generally meant either for their own use or mostly catered to the needs of higher income groups because of the high cost of the land, labour and building materials, the land lords found it uneconomical to build houses for the people in the Low Income Group.

In such a circumstance a movement under the banner of Co-operation is the only way to solve the problem. In a Co-operative endeavour people of limited means come together to form a Society by pooling their sources and resources with a view to provide themselves with their own houses. By their forming a corporate body, they are able to attract loans, because the Society has a corporate existence and the pooled funds provide a security. Thus Co-operative Housing Institutions started in India have shown good progress as one of the efficient agency in tackling the housing problem in the country.

The Housing Co-operative Societies have certain distinct advantages over other agencies in tackling the housing problem. Co-operative Housing develops the spirit of self help and eliminates the profit factor from production and operating cost. The collective purchase of land and building materials will result in considerable saving in expenditure. Where private enterprises is not in posi-

tion to provide low and Middle Income Group families with suitable dwelling units embodying proper help standards, Co-operative effort primarily concerned with the interest of its members can be expected to succeed. In Co-operation can be found a means of direction of the energies of the people into creative channels in a democratic way. It is a most suitable medium of democratization of economic planning as it affords the local units to fulfill the dual function of educating the public opinion and to provide a creative to the plan at the local level. These agencies have a good opportunity to seize the initiative and formulate comprehensive housing programmes so that there is more effective use of communities' money labour and land and material in the task of overhall development. Many of the social and economic cost which spring from unplanned urban growth could be avoided through Co-operative Housing and Planning Policy. As these agency voluntarily, local and - controlled by their members on the basis of equality have advantages in readier, more effective, continuous and fuller understandings of the wishes and the needs of the people. This Voluntary help some times leads to great willingness on the part of the members to provide additional capital than to pay additional taxes.

The construction of housing through co-operative allows for a high degree for private initiative and authority, stimulate the - interest and participation of public in the housing problems and bring about the co-operation between Central and State Governments and the public that is both useful and necessary in democratic structure. It may be emphasized that the best solution to ease the housing problem requires the participation of not only the Government but also the private enterprise.

The problem of housing is of two fold, namely the construction of houses in Urban and Rural areas. The Governments should encourage the organizations of Housing Co-operative Societies in both Urban and Rural areas. They should give all encouragements whenever the Society finds difficult to secure the lands for house -

construction. The Government should also help the Society in getting land by means of acquisition proceedings and also allot sizeable lands, so that the Society could be able to form its own colony for the benefit of its members. The Central Government have enacted the Urban land and ceiling and regulation Act applicable to certain urban areas limiting the individual holding of vacant land. Out of the excess land that is available under the Act in the respective Urban areas the Government have to atleast allot 30% to Housing Co-operatives. This would certainly help the Co-operative Housing Sector in getting required land for house construction. The waste lands belonging to Government, Municipality and other local bodies should be given to Co-operative at nominal value.

The present policy of our country is to help the economically weaker section of the Society. To carry on this programme developed house sites to landless agricultural workers is given and so far it is estimated that 75 lakhs house sites have been allotted in order to enable the beneficiery to build low cost houses.

The Co-operative Housing Society mainly consists of members belonging to weaker section of the Society and persons belonging mainly to the Low Income Group. These categories of people find it - extremely difficult to build houses within their limited resources. They have thus to approach the agencies that are tackling the housing situations to construct houses for them. As the Housing Co-operatives are mainly helping the weaker sections of the - Society the State Government have to afford all facility for its timely and orderly growth. It is also the social responsibility of the State Government to help such groups, not only by giving loans but also to help them more effectively by subsidising the rate of interest by the national exchequer.

The other important factor that should be considered in the construction of houses is that not only the requirement of the member of the Society but also construction of a decent house suited to the individual's requirement, the total cost of which should be

commensurate with the income of the individual. For this purpose every possible effort and endeavour will have to be made to find out new avenues of saving cost of construction. The low cost housing therefore should be so designed keeping these primary objection in view, houses have to be constructed both in urban and rural areas which would stand a long life, considering the suitability and the utilitarian value suitable to the climatic variations of the places.

The potential requirement of wood for building and industrial purposes may fall short of the requirement. This shortage of timber is not only felt in India but also all over the world. The rate of growth of timber does not match the rate of consumption. All advanced countries have realised this fact and have undertaken programmes for conserving natural resources of timber by utilising timber wastes upgrading inferior and low strength, species by process of wood preservation, seasoning etc., One of the ways to meet the growing demand is through the development of hard-board industry in the country. The hard-boards are being used to meet the shortage of timber in construction activity.

Various typical designs of houses required to suit the local conditions like the houses having sun dried brick walls with water proof mud plaster and terraced with thatched roof. The estimated cost of these constructions will be within the reach of common people. Brick walls with tiled roof can also be undertaken for construction of houses. The advantages of the research done by the Research laboratories in the country has to be taken full advantage of and low cost housing both urban and rural areas could be effectively taken up to suit the need and within the income reach of individual.

Large sums of money and time are spent in the replacement of deccased building materials like timber, bamboo and grass thatch etc., In order to make houses more suitable for habitation such such organic material which are suceptible to decay caused by attack of fungi insects and destructions due to fire are to be

overcome. To improve the rural houses and to see that the houses last for sufficient longer period importance of preservative treatment to grass, leaves and other building materials used for roofing purposes is very essential. These preservative treatment are expected to extend the longevity of the building materials used.

If free technical guidance to villages and adoption of scientific methods of construction making best use of available local materials of construction is used this would not only help in the reduction of cost of construction but also help the construction of houses to suit the standards of people belonging to all income groups within their saving capacity.

It is well known that construction industry is the mother of other industries and that a large housing project promotes many industry, dependent on it and creates vast employment opportunities. Hence the money spent on housing programme is a social service rather than an economic investment. But in the long view housing is an economic investment which pays valuable dividends in the shape of help, happy community, mentally and physically sound.

Taking all these factors into account, the Housing Co-operatives which are playing a vital role in easing the housing problems could be able to achieve better progress in all spheres by providing a happy home to suit the requirements of all income group within the income reach by adopting all the latest research techniques in the construction of low cost houses for its members.

With planned supply of money, material, men to a greater extent and adaptability of latest techniques in low cost housing there is no reason why the housing Co-operative movement should not gain momentum and prove penacea of all economic and social problems specially to solve the housing shortages with which we are confronted today. Let the moment grow year by year into a mighty Institution for the service of the people and the nation.

SEMINAR ON THE
'DEVELOPMENT OF CO-OPERATIVE HOUSING'

WORKING PAPER

BY

K. VICKRAMASINGAM

CUEPACS MULTI-PURPOSE CO-OPERATIVE SOCIETY

MALAYSIA

KUALA LUMPUR.

DEVELOPMENT OF CO-OPERATIVE HOUSING IN MALAYSIA

BY MR. K. VICKRAMASINGAM

The Co-operative Movement in Malaysia emerged in the year 1922. Most of the societies were Credit and Thrift and Loan Societies. The housing co-operative was established in 1949.

2. After the second world war, due to tremendous increase in the population, the housing problem was a major factor. Most of the lower income and middle class groups were caught in the housing shortage. This acute shortage of accommodation led to big rise in rent and this group was unable to rent them.

3. With the realisation and the responsibility of providing their families with adequate accommodation, the salary earners began purchasing houses put up by housing developers at fantastic prices. The interest rates on housing loans were exorbitant and the period of repayment allowed was rather short.

4. Realising these difficulties, the salary earners formed the first housing society in 1949. It was named the Telok Anson English School Teachers' Co-operative Housing Society with a membership of 48. They had put up 30 units costing \$499,813/-. They are still pursuing with putting up houses on 30 lots. Later, the Kuala Lumpur Co-operative Housing Society was registered on 1st October, 1949 in Kuala Lumpur. They were able to erect houses at a very low cost. The present membership is 386 with a share capital of \$156,371/-. So far this society has constructed 207 units.

5. With the tremendous growth in the economy and the influx of rural people to town and city areas after Malaysia attained independence in 1957, the need for better housing could not have been over-emphasised.

6. During this period Housing Co-operative Societies became more and more popular. By the end of 1957, the number of housing co-operative societies jumped to 30 with a total membership of 4,593, the total share capital of \$1.41 million and total resources of \$7.45 million.

7. The following statistic illustrates the growth of housing co-operatives in Malaysia up to 1975:-

	<u>1949</u>	<u>1957</u>	<u>1967</u>	<u>1970</u>	<u>1975</u>
No. of Co-opt.	2	30	66	61	60
Membership	330	4,593	12,994	13,369	18,685
Share Capital	21,700	1.4 M	4.9 M	6.7 M	8.9 M
Total Assets	143,100	7.4 M	62 M	79 M	86 M

Housing by Other Co-operatives

8. Meanwhile, the other co-operatives too started to provide houses at reasonable cost and on terms of repayment within their means. The Multi-Purpose Co-operatives and Thrift and Loan Societies also undertook housing as one of its functions.

9. This was brought about as a result of Government policy
- (a) to encourage the formation of multi-purpose co-operatives in preference to single purpose co-operative and
 - (b) to encourage existing single co-operative to enlarge members to serving their members more effectively and meaningfully.

10. This is normally achieved by the following methods:-

- (a) Co-operatives to carry out their own housing schemes and sell the houses to their members;

- (b) Make bulk purchases at discounted prices, constructed by private developers, and sell them to members;
- (c) Grant loans to members to purchase houses of their choice.

Emergence of CUEPACS Multi-Purpose Co-operative Society

11. True to the meaning of co-operative, like all Housing Co-operatives endeavoured to put up houses at minimum cost and as such the houses can be sold to members at a low cost.

12. When the Government made available the housing loans to its employees, there was a big rush for houses. Developers took advantage of the situation, built poor quality houses without providing the barest necessities and sold them at exorbitant prices, thereby making handsome profits.

13. Realising the need for a Housing Co-operative to look after the civil servants, the Congress of Unions of Employees in the Public and Civil Services (unions in Government Sector) did not wish to allow the situation to go unchecked. At the CUEPACS Convention held in December 1970, a resolution was adopted for the formation of a Multi-Purpose Co-operative Society. CUEPACS Multi-Purpose Co-operative Society was inaugurated in December, 1971. To-day the membership of the Society is 5,200. The Share Capital is above 1 million dollars and resources stand at 6 million dollars.

14. Though there are a number of demands in hand CUEPACS Board of Management has decided to go in stages.

15. The Society has undertaken 8 housing projects in Peninsular Malaysia, two of which are now under construction, namely:

- | | | |
|----------------------------|-----------|----------|
| (a) Cheras, Selangor | 699 units | \$23.5 M |
| (b) Segambut, Kuala Lumpur | 174 units | \$ 6.7 M |

Progress Achieved

16. Till the end of 1975, the Co-operatives have succeeded in constructing a total of 9,789 units of houses of all types costing \$280 million. Of these a total of 3,590 units costing \$79.520 million were completed during 1971 - 1975 as compared with 3,100 units costing \$76.520 million completed in 1966 - 1970.

17. The following is a breakdown of the total number of houses completed during 1971 - 1975:-

<u>Year</u>	<u>Total Number of Houses Completed</u>	
	<u>Units</u>	<u>Value</u>
1971	939	\$20,162,000
1972	426	6,278,000
1973	459	11,016,000
1974	850	21,250,000
1975	916	20,814,000
	<u>3,590</u>	<u>\$79,520,000</u>

18. However, during the year 1976 the co-operatives have already managed to construct a total of 803 units of houses costing \$22,513 million.

19. Development plans for the construction of another 16,824 units costing \$507.347 millions for the period 1977 - 1980 are under way or have been committed by 68 co-operatives, making a total of 17,627 units costing \$529.86 million for the period 1976 - 1980.

20. More development plans are being studied and will be added if found viable and taken up by the co-operatives concerned.

Problems Encountered and Steps Taken to Solve Them

21. (a) Land

Lack of suitable land for residential purposes, high cost of land development, etc;

(b) Finance

Lack of adequate finance at reasonable rate of interest and on easy terms of re-payment of 15-20 years;

(c) Administrative Delays

Long and cumbersome procedures for obtaining approvals on conversion of land, lay-out plans, sub-division and issue of land titles as well as building plans result in increase in the punitive holding costs which are reflected in the ultimate price of completed houses;

(d) Building By-Laws:

There is no standard building by-laws throughout the country whose compliance usually not only results in delay, but also leads to an unnecessary in the infrastructural and construction costs;

(e) Density

Enforcement of density controls, result in less number of houses that can be built on each acre of land.

(f) Infrastructure

The costs of providing access roads to the scheme which is located away from the existing roads, provisions for electricity, water and the like services or amenities form a major cost of development.

(g) Professional/Technical Expertise

These fees are high.

(h) Supplies of Building Materials

Shortage of supply of building materials, and escalation of prices have adversely affected many a developer, including the housing co-operatives.

(i) Management

Most housing co-operatives today are still being run and managed by their own board of directors working on a voluntary and honorary basis. This does not necessarily reduce costs or improve services. Qualified, efficient management working on full-time basis is expensive, but necessary in order to ensure better services and profitability.

22. The problem of land is such that it is difficult to find any satisfactory solution. Building sites are scarce in the towns and if available they are so expensive, often beyond the repaying capacity of the participants. It therefore, becomes necessary for housing co-operatives to develop housing schemes away from the city and town limits where the prices of land are comparatively cheaper but transport becomes expensive and public services are limited. Also it becomes a problem to raise funds when housing schemes are located outside the town and city limits, as lenders are reluctant to advance loans on the security of such schemes. The other alternative is to erect flats. Attempts have been made in this direction, but they were not very successful. Malaysians prefer single or semi-detached homes even though the housing schemes may be away from the city or town. For the moment, the preference is largely for single dwelling homes, but it is anticipated that a day would come when there would be absolutely no alternatives but to venture into flats.

23. Fortunately in Malaysia, the urban sector of the Co-operative Movement is based on the strong financial foundation of co-operative thrift and loan societies. The Co-operative Central Bank has been re-organised with a view to mobilising as much surplus funds of the

Movement as possible to provide timely and adequate loans to needy co-operatives. The Co-operative Central Bank have made available \$15 million so far. The Malaysian Co-operative Insurance Society is a flourishing concern dedicated to help in the furtherance of the Co-operative Movement. This being so, the housing co-operatives in Malaysia are extremely fortunate and as finance from outside the Movement is not forthcoming, housing co-operatives can depend on the Movement which has the capacity and the financial resources to make funds available for the development of co-operative housing schemes in the country.

24. In so far as the problem of personnel is concerned, the Co-operative Union of Malaysia in collaboration with the Co-operative College is vigorously undertaking educational and training programmes to equip the employees of housing co-operatives to discharge their duties in an efficient and dedicated manner. These training programmes will in due course solve the problem of personnel in housing co-operatives.

25. It is observed that the interests of the members and the societies tend to pull in the opposite directions. This is largely due to lack of proper and effective communication between the societies and the members and also due to lack of appreciation on the part of the members in the set-up and operation of their societies. Being democratic organisations, where the members have a say in the management, frictions and misunderstandings crop up from time to time. The solution to this problem is to promote vigorously and in a realistic manner educational programmes for the benefit of the members and also constantly and continuously provide the members with information on the activities of the societies. To undertake this task effectively, it is advocated that an efficient public relations service be maintained.

Methods of Financing26. (a) Within the Movement

Commercial banks from the very start were reluctant to provide long term finance to housing co-operatives, but it should not be denied that some commercial banks did provide temporary overdrafts for short durations. Attempts to raise funds from private insurance companies did not meet with success. The private lending institutions referred to earlier granted loans for the development of three housing schemes and in the case of two other large housing schemes, in which the participants were government employees, finance was made available by the Government. It is most unlikely that further funds would be made available by Government for any future co-operative housing projects. It has therefore, become increasingly necessary to raise the funds required for housing schemes from within the Movement itself.

Co-operative Thrift and Loan Societies have substantial resources at their disposal. Their attitude of co-operating with other sectors of the Movement has been of great benefit to the housing co-operatives. The co-operative thrift and loan societies have directly advanced funds to housing co-operatives to the tune of nearly 10 million.

Realising that most people would take many years to save up sufficient money to purchase a house outright, special institutions like the Malaysian Co-operative Insurance Society and the Co-operative Central Bank, have been set up to enable wage earners to purchase a house with a loan to be gradually repaid by instalments over a period of years. In this way the family would have the benefit of good housing accommodation during the period when it is saving up its resources to pay off the mortgage on the property.

The Malaysian Co-operative Insurance Society has already made available to the housing co-operatives a sum of over \$20 million and further applications for loans are being currently processed by this organisation. The Malaysian Co-operative Insurance Society is one of the leading insurance concerns in the country and, as such, have vast financial resources for investment, particularly for the development of the Co-operative Movement. It must be stressed that whilst housing co-operatives raise loans up to 70 to 75% of the value of the properties to be developed, the remaining 25 to 30% will have to be made available by the participants in the schemes. The participants in a housing scheme are expected normally to pay for the cost of the building lots and also make down payment up to one-fifth of the value of the home to be constructed.

The rate of interest charged by housing co-operatives on the sum advanced for the construction of homes is 1% over and above the rate the societies borrow for the development of their housing schemes.

(b) By Agencies

All housing development projects require substantial amounts of finance. Generally co-operatives raise the capital from their members for purposes of launching the project.

Most banks and loan agencies however, would be prepared to accept land which has been converted from agricultural to building purposes as collateral against loans to be advanced to the co-operatives.

Role of Professionals

27. With the approval of the lay-out plan, the architects would then take over and together with the engineers and the quantity surveyors prepare designs of different house types and work out the cost to make available infrastructure, such as roads, surface drains, sewerage and other public utility services. The architects and engineers would also work out the specifications of the various building materials which would go into the structure to ensure that the houses shall be technically sound and yet pleasant to look at.

Other Safeguards

28. To safeguard the rights of the different parties to the transaction, the services of advocates and solicitors are required to draw up agreements in which the interest of the respective parties are given due consideration, bearing in mind that although the house is purchased and taken possession at a particular moment of time, full payment may not be received for some period of time. The society is generally interested in receiving full payment for the house to assist to rotate the capital. As payments are spread over periods for as long as 15 to 20 years, there are likely to be many changes including deaths and changes of ownership throughout this period for which adequate safeguards must be provided. Needless to say a well conceived purchase and sale agreement followed by an equitable mortgage instrument would save a lot of trouble, and headache for the house purchaser in the years to come.

Conclusions

29. Building activities are taking place at an enormous pace in Malaysia. Several private building agencies and enterprises are at work. Competition is extremely keen. Under the circumstances, it is absolutely necessary for housing co-operatives if they are to

survive to compete with private developers by providing amenities and services, comparable to those offered by them. It is, therefore of paramount importance for housing co-operatives to keep the cost of homes as low as possible, construct homes of high standard, provide all the necessary amenities and conveniences in the housing schemes and arrange repayment of loans in a manner that will not cause financial strain to the members.

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CO-OPERATIVE HOUSING

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INTERNATIONAL CO-OPERATIVE ALLIANCE
MALAYSIA.

1. Development of Housing Co-operatives

1.1 Although the Co-operative Movement was introduced in Malaysia in the year 1922, the first housing co-operative in the country was not established till after the second World War in 1949. One of the major problems in the post war era in almost all the countries of the World has been the shortage of housing, which was the most acute in countries which suffered devastation during the war. Malaysia was no exception and this problem became even the more serious as the country was deeply involved in a struggle against the armed communist terrorists for over a period of 12 years following the close of the war. For purpose of security, people in the sub-urban and rural areas moved into the main towns. This resulted in a tremendous increase in the population of all the main towns without a corresponding increase of dwelling houses, especially those for the lower and middle class groups. Construction of dwelling houses was virtually at a standstill during the period of Japanese Occupation. This acute shortage of accommodation led to a big rise in rent and wide spread demand for 'tea money'.

1.2 Salary earners became house conscious soon after the war. They were no longer contented to stay in overcrowded houses. They also realised their responsibility of providing their families with suitable housing accommodation. It was during this period when the private housing developers began to construct houses for sale to individuals. The price of houses and the initial down payment demanded by the private housing developers were not only high but the interest rate charged was exorbitant and the period of repayment allowed was rather short resulting in big monthly instalments. The average salary earners could, therefore, ill-afford to purchase houses from these private housing developers. Under these circumstances and realising their inability to acquire houses of their own individually with their own limited financial resources, the salary earners attempted to solve their problem through the co-operative method. This resulted in the first housing co-operative being registered in 1949.

2. Housing activities undertaken by other types of Co-operatives

2.1 The endeavours of these co-operatives to provide members with suitable houses at reasonable cost and on terms of repayment within their means are actively supplemented by those of two other types of co-operatives namely, multi-purpose co-operatives and thrift and loan co-operatives which also undertake housing as one of their functions. This healthy change was brought about as a result of the Government policy:-

- (i) to encourage the formation of multi-purpose co-operatives in preference to single purpose co-operatives, and
- (ii) to encourage the existing single purpose co-operatives to enlarge themselves and to assume a multi purpose role in order to make themselves more viable and more efficient with a view to serving their members more effectively and meaningfully.

3. House Ownership the Co-operative Way

3.1 This is normally achieved by the following methods:-

- (1) Co-operatives carry out their own housing schemes and then sell the houses to their members;
- (2) Co-operatives make bulk purchase of houses constructed by private and other developers at a discount and then sell them to members;
- (3) Co-operatives, e.g. thrift and loan Co-operatives and multi purpose co-operatives, grant loans to their members to finance them in buying houses of their own choice; and
- (4) Co-operatives grant loans to their members to finance them in constructing houses of their own on land owned by them.

4. Main Sources of Finance

4.1 The main sources of finance for the housing co-operatives and co-operatives undertaking housing activities include:-

- (1) Co-operatives themselves, e.g. Co-operative Central Banking, Malaysian Co-operative Insurance Society, Thrift and Loan Co-operatives, etc.
- (2) The Government;
- (3) Government Agencies;
- (4) Commercial Banks; and
- (5) Finance Companies, e.g. Malaysia Building Society Berhad.

5. Main Problems and Difficulties.

5.1 Despite the effective role that the housing Co-operatives can play in helping the Government to meet one of the country's major social objectives, they do not seem able to secure the due recognition and right backing and support of the Government that they fully deserve. Their potentials have also not been fully exploited by the Government.

5.2 In many instances the private developers appear to have more distinct edge over the Co-operatives in obtaining the necessary approvals from the relevant approving authorities concerned.

5.3 In spite of their remarkable progress and achievement, the housing co-operatives experience and encounter numerous problems and difficulties which can be summarised as follows:-

- 5.3.1 Land - High cost of land for housing development due to scarce supply of residential land. Acute shortage of suitable land for, in particular, low-cost housing purpose;
- 5.3.2 Finance - Difficulties in obtaining adequate finance both bridging and end finance, at reasonable rate of interest and on easy terms of repayment 15 - 20 years.

5.3.3 Government "Red Tapes"

(a) Administrative Delays:

Long and cumbersome procedures for obtaining approvals on conversion of land use layout plans, sub-division and issue of land titles as well as building plans result in increase in the punitive holding costs which are reflected in the ultimate price of completed houses;

(b) Non-Uniformity of Building By laws

There is a lack of uniformity of existing building by-laws throughout the country whose compliance usually not only results in delay but also leads to an unnecessary in the infrastructural and constructions costs;

(c) Density Control

Rigid enforcement of density controls result in less number of houses that can be built on each acre of land and consequently meaning higher costs per unit of house.

. 5.3.4 Infrastructure

The costs of provisions of access roads to the scheme which locates away from the existing roads as well as the provision of electricity, water and the like services form a major cost of development.

5.3.5 Professional/Technical Expertise:

There is no lack of consultants but their fees are high. Besides there is the problem of big and small schemes with the consultants giving special preference to the big ones.

5.3.6 Supplies of Building Materials:

A sudden shortage of supply and escalation of prices have adversely affected many a developer including the housing co-operatives.

5.3.7 Management:

Most housing co-operatives today are still being run and managed by their own board of Directors working on a voluntary and honorary basis. This does not necessarily reduce costs or improve services and profitability. Qualified efficient management working on full time basis is expensive but necessary in order to ensure better services and profitability.

6. By-laws of Co-operative Society

6.1 The By-laws of the Co-operatives are really the equivalent of the Articles and Memorandum of Association of Companies registered under the Companies Law. Any improvements on the by-laws should envisage the inclusion of matters which may have now come into existence. In any case this aspect of the housing co-operatives should not present very great difficulties. In fact any newly promoted housing co-operative may draw up and include by-laws which may be considered useful so long as they remain within the confines of the law in general and the Co-operative Ordinance in particular.

6.2 Certain Preferences

Two of these are the exemptions afforded to them under the Stamp and Income Tax laws although the latter has to a certain extent been recently amended presumably to update the Law to suit the updated facts. It will be only natural to conclude these exemptions give the co-operatives quite substantial advantages not only in respect of themselves qua co-operatives but may indirectly benefit other individuals and bodies who may come into business contact with them.

6.3 So far as housing co-operatives are concerned although other laws may have to be obeyed one example of this "preference" is the exemption given to inter alia co-operative housing societies undertaking housing projects from having to apply to the Controller of housing for a licence to develop housing projects. This exemption alone does away with a host of requirements the non-co-operative housing developer is required to comply with.

7. Members dying before Completion of Purchase

This is mainly the province of the law of succession. Any person who dies leaves an estate. Whether it is a large estate or a small one the question of administering the estate is a reality which has to be faced by the survivors within the family or indeed even without. Where a member of a co-operative dies leaving a will i.e. he dies intestate the question of who to administer or to look after the estate or in practice the distribution of his assets or properties will have to be surmounted first.

In general the provisions of the law pertaining to estates of the deceased will take its course. A member of a co-operative is no different from any other individual. As a rule of thumb whatever belongs to the deceased member within the "Possession of control" of the society may be claimed by and paid to certain named person or persons. In general the co-operative may pay the shares or deposits of the deceased member which are in the possession of the co-operative to the named person i.e. the nominee. Where there is no such named person, the co-operative may pay his assets to the person or persons the co-operative considers rightly entitled to them. This person could be the husband, wife, children or relatives of the deceased member. However assets which belong to the deceased member which are not in the possession of the co-operative e.g. a house or a balance in the National Savings Account may not be in the possession of the co-operative. It is not for any co-operative to distribute any property belonging to a deceased member to any one the co-operative considers rightly entitled to the property. The member does not by becoming a member of a co-operative "surrender" all his life, his body and his properties to the co-operative. Nothing is conveyed on joining. The only privilege the co-operative may have when he dies is the right to pay to his nominee what the deceased member has to his credit in the books of the society.

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REGIONAL SEMINAR ON THE DEVELOPMENT OF COOPERATIVE HOUSING

10th - 30th November 1977

COOPERATIVE HOUSING IN THE PHILIPPINES

by

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P H I L I P P I N E S

I. OVERVIEW OF THE PHILIPPINE COOPERATIVE MOVEMENT

History of Philippine Cooperative Movement - While cooperative was introduced in the Philippine in 1907 and many legislative acts were passed to promote the movement, it only gathered force and meaning in 1973 upon promulgation of Presidential Decree No. 175. ◀

Just like any other country in the Region, the Philippine also experiences many frustrations in the cooperative movement. The present cooperative development program is observed by most cooperative experts to be a mixture of experiences and practices of cooperative movement all over the world.

Presidential Decree No. 175 and Letter of Implementation No. 23 emphasizes only on five (5) major types of cooperatives namely consumers, producers, marketing, credit and service where housing cooperative is included. One feature of the Philippine cooperative movement which may not be found in other cooperative movement is the Samahang Nayan or Barrio Association which is a pre-cooperative organize only for educational training for capital build up and discipline but not allow to undertake any business function. Under the same decree, all cooperative organizations registered under the previous cooperative laws were required to apply for re-registration with the Department of Local Government and Community Development. To emphasized the frustrations of the past cooperative undertakings, there were some 6,000 cooperative organizations of all types (agricultural and non-agricultural) but only about 2,500 apply for re-registration and among these are 11 housing cooperatives from which number only 9 were re-registered and one has just been recently organized and registered.

II. SECTORS INVOLVED IN HOUSING PROGRAM

Recognizing the great need of the Filipino people, the government has undertaken several measures with which to meet the housing shortage of the time. Government employees are assisted with housing loans from the Government Service Insurance System (GSIS), while the private employees are assisted through Social Security System (SSS). Other sources of financial assistance from the government are the Development Bank of the Philippines and the Home Financing Corporation. Many subdivisions and housing projects have already been realized out of the assistance of said institutions, but as more houses are built, more demand are being felt.

Realizing the expanded need for more housing units, Presidential Decree No. 957 was promulgated to consolidate all government agencies involved in housing undertakings under one office known as the National Housing Authority. Under this office conceptual frame work, the principal venue of cooperation with entities participating in the housing effort is the Joint Venture Program. Inasmuch as a particular time in this seminar has been reserved for the discussion of the program of the NHA, we will refrain from further mention and save the participants from suffering from repetition of the subject.

Enthused by the government thrust on housing program and providing incentives and opportunities for profit, many private developers and financial institutions

were attracted to undertake massive housing subdivisions ranging from low-cost housing project to well-to-do sectors of the population. As a result of this, the urban centers of the country became the target of land and housing speculations giving the government problems on how to contained sky ricketting prices and nefarious activities. This off shoot of the program of the government only dramatizes how private capitalist could answer a great felt need without prejudice on the motives for profit.

Encouraged by the direction provided by the government under the NHA, and feeling that the private financial institution are not able to provide the low-cost housing requirements, the cooperative sectors are challenge to answer the need and provided by a favorable climate for cooperstive development, the different housing cooperatives struggle hard to come up with program as exemplified by the different housing cooperatives now present from Baguio City in the North to Sulo in the South. The ICA participants were provided the opportunity for an insight of the efforts of an unconventional housing project initiated by a credit cooperative in San Dionisio, Parañaque, Metro Manila last November 11, 1977. The President underscored this felt need in his last birth anniversary last Sept. 11, 1977 when he directed the multiplication and establishment of housing cooperatives in all distressed communities

of the country. Seven thousand two hundred islands of the Philippines is actually divided into three major islands namely Luzon where 7 housing cooperatives could be found and Mindanao and Sulo have at present four housing cooperatives. Only the Visayan island has not been able to come up with a housing cooperative project although several groups are endeavoring hard to organize housing cooperative.

The different sectors, namely, government, private and cooperatives are more or less similar in their strategies and approaches although some differences may be observed in their implementation. This may be outlined briefly as follows:

A. HOME FINANCING TYPE which:

- a. provides for systematic savings;
- b. grants long term loans for housing purposes; and
- c. reserves option to purchase from outgoing members.

B. GROUP DEVELOPMENT TYPE which undertakes the purchase and development itself, then sells or leases to members: sub-classified as follows:

Sub-type "A"

- i) also provides for systematic savings
- ii) purchases and subdivides land
- iii) constructs houses according to set standards
- iv) sells house-and-lot units to members
- v) reserves option to repurchase from outgoing members

Sub-type "B" which

- i) also provides for systematic savings

- ii) purchases residential lots or land
- iii) constructs apartment houses for tenement buildings
- iv) sells apartments or flats only, the title to the land and common facilities being held collectively (condominium)
- v) reserves option to repurchase from outgoing members

Sub-type "C" which

- i) also provides for systematic savings
- ii) purchases residential lots, or land for subdivisions
- iii) constructs houses, apartments or tenements
- iv) leases to members at lowest rentals possible everything being held in joint ownership through the cooperative.

HOME FINANCING TYPE

The distinguishing feature of this type, in its simplest form, is the fact that it extends direct loans to members to enable them to pay the cost of buying their lots or building their houses or both. The title to the real estate acquired by each member is held by him in individual ownership, although the property is mortgaged to the cooperative to secure the loan. The cooperative derives funds for its loaning purposes by drawing on its resources and also by refinancing the loan with an outside source of credit (SSS, GSIS, etc.). The rights of the cooperative to the property are assigned to this third party the cooperative collecting from the members in accordance with the terms agreed on between the cooperative and the third-party lender.

As its technical resources become permissive, the cooperative may itself undertake the purchase of the lot or land, the development and the construction, either on its own account or for a service fee. The

refinancing scheme and amortization may be the same, generally, as in the simpler form mentioned. This latter arrangement, however, features many advantages for the prospective home-owner. The purchase of land in larger parcels, the larger developmental contracts (surveying, planning, architectural designs, actual constructions, etc.) may be expected to result in lower cost of recouping to the benefit of the members.

The amount of the loan a member gets, either way, will depend on his repaying capacity, the type of his housing requirement, the size of his family, the loan value of the house and/or lot involved and the equity requirement of the sources of borrowed funds.

GROUP DEVELOPMENT SUB-TYPE "A"

The housing cooperative of this type undertakes the purchase and subdivision of the land, constructs houses according to present standards or "plan" then sells house-and-lot units to members outright. Upon the acceptance of a member in the cooperative, he makes systematic savings which are credited to his shares in the cooperative. As soon as he has saved or paid in lump sum the minimum shares he becomes entitled to and may be awarded a lot and house. The required amount of minimum shares to be paid by each member will depend upon the availability of external source of funds. When a member is awarded a lot and house, the cooperative executes a contract of conditional sale and binds itself to execute a deed of absolute sale and issue the title to the property free from all liens and encumbrances upon full payment of the house and lot. After the award of a lot and house to a member he still continues to save in the cooperative systematically as his income will permit. The cooperative retains the option to re-purchase the house and lot of a member who dies, withdraws or is expelled from the cooperative.

SUB-TYPE "B"

This type undertakes the purchase of residential lots or land, construction of apartment houses or tenement buildings and selling apartment or tenement units only, the corresponding lot or land being owned (condominium).

Upon his acceptance a member pays his capital contribution or the first installment thereon, as well as down payment, the amount of which will depend on the capital contributed and the availability of external source of funds. In addition to retaining ownership of the land and common facilities, the cooperative reserves the option to repurchase the apartment or flat of a member who retire or is expelled from the cooperative.

SUB-TYPE "C"

This housing type purchases either residential lots or land for subdivision, constructs houses, apartments or tenement, and only leases house-and-lot, apartment or tenement units to members, the cooperative retaining title to everything. The lease is made at the lowest monthly rentals possible, with limitations against profit-making by sale, transfer or sub-lease. The monthly rentals are so calculated to include not only the "economic" rent but also an amortization or sinking fund payment which repays the entire value of the building. After this repayment, the members are credited with additional share in the cooperative equivalent to the value they have paid in. Thereafter, the members pay "economic" rentals just sufficient to provide an income with which to take care of repairs, maintenance, cost of services, administration and other operating expenses, leaving some savings for reserves, interests on capital and patronage refunds.

III. PROBLEMS OF HOUSING COOPERATIVES

Not exempted from the usual hazards and difficulty of housing cooperatives, the Philippine housing cooperative movement have observed many problems and among these are:

- A. Land acquisition - While land is available, the cost is prohibitive from the point of view of the struggling housing cooperative with a low-income group as its general membership.
- B. High cost of construction materials and labor - The rapid growth of housing development causes the rapid increase in the cost of construction materials due to the artificial scarcity effected by the growth and the great demand for skilled labor.
- C. High cost of financing - The growth of the economy under the New Society has made capital unavailable to the low-income group due to the high cost of interest rates which subsequently increases the cost for financing housing cooperatives. Other economic undertaking which give higher return on investments attracts capital to be channeled to them.
- D. Management and technical expertise - The service orientation of cooperatives compounded by the attractive remuneration of private developers leaves housing cooperatives with very little technical and management expertise for which to recruit the people needed within the cooperative.
- E. Lack of linkages and coordination among agencies - Since the direction provided is still new to the different sector and agencies, those involved in the promotion

of housing cooperatives have not yet been able to coordinate their activities and pool their resources together to attain the common objectives. However, efforts are being directed towards a close coordination in order to link the different agencies to immediately realize the attainment of said objectives.

It is accepted in the Philippine cooperative movement that the main ingredient of success is a strong cooperative education and training program. This is attained by requiring any applicant for membership in any type of cooperatives to undergo a pre-membership seminar and a continuing membership education program.

Not to be left out in the housing scheme of the government and/or the cooperatives is providing for the social and human development of the individual in the community. A project proposal has just been recently submitted as to include social rehabilitation from among the members of a credit cooperative at Olongapo City, Philippines.

The movement has recently become the recipient of another encouragement from the government when President Ferdinand E. Marcos of the Republic of the Philippines on the observance of the 5th anniversary of the Agrarian Reform Program on October 21, 1977 decreed the organization of a bank for cooperatives; expropriation of idle land for human settlement for socialized housing; setting aside 20,000 hectares of land in Metro Manila for this purpose and setting socialized housing as a top priority after the success of the food production program of the government.

With all these encouragement and incentives provided and with the knowledge expected to be acquired in this seminar, it is hope that the Philippine and maybe other countries participating could benefit and utilized it to the maximum advantage.

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<u>Name of Housing Cooperatives</u>	<u>Membership</u>	<u>Paid up capital</u>	<u>Number of Housing units</u>	<u>Size of land</u>	<u>Average lot size</u>	<u>Average cost of house</u>	<u>Sources of Funds</u>
(1) Davao City Homesite & Housing Service Assn. Davao City	425	₱200,800.00	NO	UPDATED	REPORTS		
(2) St. Louis University-St. Vincent Parish Housing Coop., Inc., Baguio City	254	34,500.00	110	7.5 hectares	250 sq.m.	₱ 20,000.00	₱333,175.00* loan
(3) Sagong Barrio Housing Service Coop., Inc. Caloocan City, Metro Manila	370	122,593.00	NO	UPDATED	REPORTS		
(4) Kasanyungan Service Coop., Inc., Jolo, Sulu	694	75,920.00	651	28 hectares	240 sq.m.	12,000.00	16,287,170.00* loans and grants
(5) Oro Housing & Service Coop., Inc., Cagayan de Oro City Mindanao	240	104,134.17		16 hectares	300 sq.m.		
(6) La Trinidad Housing Coop., Inc., Benguet	88	34,650.00					
(7) Nueva Caceres Housing Coop., Inc., Iiga City	212	22,815.00	3 completed	4.7 hectares	252 sq.m.		9,000.00****
(8) F.E.U. Housing Coop., Inc. Metro Manila		(NO	UPDATED REPORTS)				
(9) California Village Housing Coop., Inc., Metro Manila			- do -				
(10) Carbide Employees Coop. Housing, Inc., Iligan City Mindanao	100	15,100.00	97	9.3 hectares	550 sq.m.	6,000.00	
* (11) Pleasant Hills & Service Coop., Inc., Antipolo, Rizal		(NO UPDATED REPORTS)					
(12) San Dionisio Credit Coop., Inc., -Housing Project No. 1 Parañaque	acquired 1 hectare of land for 64 member families	1,500,000.00	64 units built by members themselves	1 hectares	120 sq.m.	self-acquisition & financing	240,000.00 for land cost

To be presented to the Regional Seminar on the "Development of Cooperative Housing", Philippines: 10-30 November, 1977 sponsored by the International Cooperative Alliance (ICA) Regional Office & Education Centre for Southeast Asia in collaboration with the Philippine Cooperative Movement, with the following countries invited to participate: Australia, Bangladesh, India, Indonesia, Iran, Japan, Republic of Korea, Malaysia, Nepal, Pakistan, Philippines Singapore, Sri Lanka and Thailand.

INSPIRATIONAL WORDS TO LIVE BY

"The inherent value of the human being is the foundation of the educational policy of my administration. While I sometimes admire technical integrity and am occasionally impressed by the computer, I advocate neither as the sole, nor even the best means of man's survival!"

- Ferdinand Edralin Marcos -

"Our dream for Manila is to create a city of man. Our hope for the world is to create cities for humanity. Let us commit ourselves to make our earth the city of humanity."

- Imelda Romualdez Marcos -

INTRODUCTION

The KABAHAY-GURO KILUSANG BAYAN, INC., otherwise known as Teachers' Housing Cooperative is duly registered by the Department of Local Government and Community Development/Bureau of Cooperatives Development (DLGCD/BCOD) under Registration Number R-IV-P-016R in accordance with the provisions of Presidential Decree No. 175 and Letter of Implementation No. 23. Its office address is: Da... Building, 7th floor, Salcedo St., Legaspi Village, Makati, Metro Manila while its school address is: Arsenio H. Lacson Elementary School II, Guidote, Balut, Tondo, Manila.

The officers of the Cooperative are: President/Chairman Don Rustico C. Badilla, Jr., Vice-Chairman and Chairman of the Education and Training Committee Sergio R. Custodio, Jr., Secretary Leoncia M. Santos, Treasurer Maria C. David, Directors: Salvador G. Espeña, Orlando N. Soliven, Alejandro M. Trecero, Jose M. Espinas, Ely P. Pascual, Felicisimo Calog, Jovita S. Carmena... Chairman of the Audit and Inventory Committee Maximo Hailar, Chairman of the Election Committee Robert Salvador, General Manager Publico P. Tibi, Jr., legal Consultant Assistant City Fiscal Roberto R. Ruelo of Manila, Adviser Mrs. Julita A. Isidro and Honorary Adviser Dr. Josefina R. Navarro, Superintendent of City Schools of Manila.

The Teachers' Housing Cooperative is inspired by the Human Settlement Approach to Community Development and Socialized Housing Program of the First Couple. Its membership is open to school teachers and employees in Metro Manila. Its objectives and purposes aim to provide services related to the establishment of a human settlement project - a community consisting of a cluster of five new Barangays as a result of the development of 2,500 housing units and community facilities such as school, market, parks and playground, church multi-purpose center for the cooperative, Barangays, Puroks, Brigades and health services as well as communal areas.

The authorized capital of this cooperative is Fifty Million Pesos (P50,000,000.00) divided into 2,500 shares at Twenty Thousand Pesos (P20,000.00) par value payable by the members at the rate of Two Hundred Pesos (P200.00) monthly for a period of 100 months.

Inspired by the programs of the New Society under the leadership of the First Couple and recognizing the felt need of employees in the Metropolis which is the want of a decent abode, a group of 30 teachers from Tondo, Manila organized a Core Group to conduct a feasibility study for the organization of a teachers' housing cooperative. Brainstorming sessions became a common activity of teachers during their vacant hours. Among other things always included in the discussions were: the rationale for the establishment of a cooperative, its organizational structure, operation, management and the social and economic implications of the cooperative in community building including the total community to be created out of the clustering of a system of communities and services.

The magnitude of the projections of the Core Group required the breaking of itself into working committees, so the following Committees were formed: Membership, Promotion, Finance, Documents and Legal, and Survey. The membership Committee started campaigning for prospective members. The Promotion Committee took care of press and media releases to promote the idea of cooperativism. Finance Committee identified sources of financing and generated funds while the Documents and Legal Committee prepared all the necessary documents, forms, project papers and other legal requirements for the organization and registration of the cooperative. The Survey Committee gathered data and other relevant information necessary to supplement, update and validate previous information already gathered by the initiators of the project.

When the group works were all completed they were synthesized to form the whole project feasibility study. The project papers were then submitted to the Regional Director of the DLGCD in Quezon City who issued an authority to organize the proposed housing cooperative.

The Core Group solicited the support of the City Schools of Manila through Dr. Navarro, the Superintendent who referred the Core Group to the teachers through the Manila Public School Teachers Association, for full involvement of the Manila teachers. The MPSTA carried on its front page of its August, 1977 news issue the novel idea that teachers "can own a house and lot by joining a housing cooperative. The MPSTA subsequently withdrew its participation in the Teachers' Housing Cooperative when it decided to launch its own housing project.

PRE-MEMBERSHIP TRAINING REQUIREMENT

The training of the 2,500 teachers who will be members of the Cooperative is projected and spread for a period of 6 months at the rate of about 400 participants monthly starting the month of September until March 1977 before the ending of the school year. The training course consists of 10 major subjects in service housing cooperatives which can be finished in 25 hours. Memorandum Circular 742 from the Office of the President of the Philippines which allow government employees to attend on official time seminars on cooperatives which includes the Pre-Membership Training requirement may be availed of by the teachers so that they can convert their time into service credits which could be used to offset vacation leaves or absences. On the other hand, teachers who are really interested to join the cooperative are attending the Saturday classes in order not to disrupt their official duties in the classrooms and offices.

FINANCING SCHEMES

The Total Community Service Approach. This consists of the whole projection to undertake all services needed by the whole

community of 2,500 families. Of course, the three basic needs of man is the basic foundation of our projections. First, the shelter then the food and clothing follow. Housing constitutes 20% of the total cost of living while food is one half or 50% of the budget. The remaining 30% is provisions for clothing and sundries. The income per capita of the addressed group of the cooperative is ₱1,000/mo. average. The projected total community income of the whole community is ₱2,500,000/mo.

The Housing Financing Scheme. This will be under the Joint Venture Program of the NHA-COOP. Under this program, 20% of the total community income is to be provided for housing which is ₱500,000/mo. The Socialized Housing Program of the government can enable the Cooperative to undertake its housing requirements from a loan which can be repaid at that rate.

The Consumers' Goods Financing Scheme. This constitutes more than 50% of the total community resources. At least One Million Pesos monthly could be expected to be handled by this department. Separate studies are being conducted to handle different departments under the consumers' goods financing scheme of the cooperative. This includes, dry, wet, marketing, repacking, production, manufacturing, recycling and other business related to consumers goods department.

Other Services Financing Schemes. Also under studies are all services not included under Housing and Consumers' Goods Departments. This also constitutes still a sizable share of the community resources. This includes, educational, cultural, electronics, credit and banking, medical, waterworks, memorial and what-have-you services.

Transportation Financing Scheme. The most basic service needed by workers in order to continue working is the shuttle to and from their work places. Special studies depending on the locations of projects are being conducted for this particular service.

ARTICLES OF INCORPORATION OF THE KABAHAY-GURO KILUSANG BAYAN, INC.

KNOW ALL MEN BY THESE PRESENTS:

We, the undersigned, Filipino citizens, and residents of the Philippines, have on this day voluntarily associated ourselves for the purpose of forming a housing cooperative for service under the laws of the Philippines, more particularly Presidential Decree No. 175 and Letter of Implementation No. 23.

AND WE HEREBY CERTIFY:

ARTICLE I

That the name of this Cooperative shall be KABAHAY-GURO KILUSANG BAYAN, INC. in the vernacular and/or TEACHERS' HOUSING (Human Settlement) COOPERATIVE, INC. in English.

ARTICLE II

That the objectives and purposes for which this Kilusang Bayan is formed are:

1. To increase the income and purchasing power of the members;
2. To pool the resources of the members by encouraging savings and promoting thrift to stimulate capital formation for development activities;
3. To cooperate with the government of the Philippines and its instrumentalities in the execution of government policies, which will redound to the benefit of the general public, particularly the desire of His Excellency President Ferdinand E. Marcos and First Lady and Metro Manila Governor Imelda R. Marcos for new model settlement which shall serve as demonstration projects of the human settlement approach to community-building;
4. To put into operation the concepts of people participation, self-reliance, community development through the organization of new barangays within the human settlement project;
5. To develop housing projects by acquiring lands for the members, building the housing components and maintaining the community facilities in replication of the "Bagong Nayon" concept of the President and First Lady of the Philippines;
6. To encourage scientific business, production and marketing among the members;
7. To provide goods, services and other requirements to the members;
8. To advance the cooperative movement as a technique for improving the economic and social status of the people;
9. To undertake continuous cooperative education for its members, directors, committeemen, officers and employees as well as the general public in the principle and techniques of cooperation, both economic and democratic;
10. To cooperate with other cooperatives in establishing provincial, regional or national Katipunan/Kalipunan ng Kilusang Bayan for any of the purpose or purposes for which the Kilusang Bayan is formed and to become a member of such Katipunan/Kalipunan ng Kilusang Bayan as may Hereafter be organized;
11. To cooperate and become a member of international and/or worldwide conferences and/or organization of housing cooperatives;

12. To conduct publicity and/or research work for the promotion of the cooperative movement and for the purpose as stated to issue from time to time suitable publication or literature on cooperative;
13. To undertake any lawful, related activity for the member's self-government, social growth and economic independence under a truly just and democratic society; and
14. To do other things necessary, suitable and proper for the accomplishment or attainment of its objectives and purposes.

In the furtherance of and not in limitation of the general powers conferred by the laws of the Philippines and the objectives and purposes herein set forth, this Kilusang Bayan have the following powers:

1. To draw, make, accept, endorse, guarantee, execute and issue promisory notes, mortgages, bills of exchange, drafts, warrants, certificates and all kinds of obligations and instruments in connection with and in the furtherance of its business operations;
2. To issue bond, debentures and other obligations of the Cooperative, to contract indebtedness and to secure the same with a mortgage or deed of trust, or pledge or lien on any or all of the real and personal properties of the Cooperative; and
3. To acquire facilities, either by or through construction, purchase, lease, bequest or donation, equipment, machinery and supplies as are of may hereafter required in the conduct of its business; and to own, occupy, use or hold such real and personal properties as may be convenient and proper to further the purposes for which this Kilusang Bayan is formed.

For the purpose of attaining or furthering any or all of the objectives and purposes herein stated, to do any other act and to exercise any other power which a natural person could do and exercise and which now or hereafter be authorized by law.

ARTICLE III

That the area of operation of this Kilusang Bayan shall be METRO MANILA and its principal office shall be established or located at Balut, Tondo, Manila.

ARTICLE IV

That the term for which the Kilusang Bayan shall exist is perpetual from and after the date of its incorporation.

ARTICLE V

That the names, citizenship and addresses of the incorporators of this Kilusang Bayan are as follows:

<u>N A M E S</u>	<u>CITIZENSHIP</u>	<u>ADDRESS</u>
1. Don Rustico Badilla, Jr.	Filipino	Tanza, Navotas, Metro Manila
2. Sergio R. Custodio, Jr.	Filipino	1378 Kundiman, Samp., Manila
3. Leoncia M. Santos	Filipino	414 Bldg. 15 BBHP, Zamora, Pandacan, Manila
4. Maria C. David	Filipino	1426 Sevilla Ext., Tdo., Mla.
5. Salvador G. Espeña	Filipino	144 Balasan, Balut, Tdo., Mla.
6. Orlando N. Scilven	Filipino	335 Ampiooco, Balut, Tdo., Mla.
7. Alejandro M. Tregero	Filipino	17 Int. F. Roxas, Cal. City
8. Jose M. Espinas	Filipino	Guidote, Balut, Tdo., Manila

9. Ely P. Pascual	Filipino	2692 Dagupan, Solis, Tdo., Mla.
10. Felicisimo Calog	Filipino	364 Playa, Balut, Tdo., Manila
11. Jovita S. Carmona	Filipino	2611 Int. Taft Ave., Pasay City
12. Silverio Laroza	Filipino	285 Beltran, Balut, Tdo., Mla.
13. Myrna S. Muldong	Filipino	2253 Malaya, Balut, Tdo., Mla.
14. Corazon S. Reyes	Filipino	2253 Malaya, Balut, Tdo., Mla.
15. Renato Doniego	Filipino	967-B Eloisa, Sampaloc, Manila
16. Linda T. Jamias	Filipino	2095-D Recto Ave., Samp., Mla.
17. Clara P. Ortega	Filipino	1065 Int. 23 Antipolo St., Tdo.
18. Remigio Ramirez	Filipino	107 Monserrat, MBS, Cal. City
19. Maximo Hailar	Filipino	3388-E Rizal Ave. Ext., Mla.
20. Arsenia Puno	Filipino	2175 Gamban, Balut, Tdo., Mla.
21. Angel Parcon	Filipino	1782-F A. Rivera, Tondo, Mla.
22. Perlita Ijarde	Filipino	694 Benita St., Tondo, Manila
23. Robert Salvador	Filipino	3145-I Pilar, Manuguit, Tdo., Mla.
24. Adriana Gaerlan	Filipino	1875 Biak-na-Bato, Tondo, Mla.
25. Merlinda Añonuevo	Filipino	799-K Domingo St., Sta. Mesa, Mla.
26. Raymundo Reyes	Filipino	2768-A Sunog Apog, Gagalangin, Tdo.
27. Shirley Domingo	Filipino	2251-D Malaya, Balut, Tdo., Mla.
28. Julieta R. Mendez	Filipino	245 Beltran, Balut, Tondo, Mla.
29. Editha N. Ney	Filipino	307 Salonga, Balut, Tondo, Mla.
30. Adelina S.D. Barra	Filipino	313 Ampiooco, Balut, Tondo, Mla.

ARTICLE VI

That membership in the Cooperative shall be open to the following:

1. Any natural person who is a citizen of the Philippines, of legal age and with capacity to contract or head of a family;
2. Any public or private school teacher or employee or a spouse of one in the area of operation of the Cooperative;
3. Any member of a registered pre-cooperative organization in the area of operation of the Cooperative;

Provided that the prospective members -

1. Posses a common bond of association which is the need for housing;
2. Reside or work in the area of operation as defined and delimited under Article III of the Articles of Incorporation;
3. Pledge to undertake the responsibilities of membership in the Cooperative and in the Barangay;
4. Complete the prescribed pre-membership cooperative education program and community development training;
5. Can make use of the services of the Cooperative; such as business, production, marketing and construction of a human settlement community on a cooperative basis including allied services relative thereto; and
6. Subscribe to its aims and purposes, and who agree to abide by its rules and regulations as set down in the by-laws and the decisions of the general membership meetings as well as those of the Board of Directors.

ARTICLE VII

That the number of Directors of this Kilusang Bayan shall be ELEVEN (11) and the names, citizenship and addresses of the directors who are to serve until their successors are elected and qualified as provided in the by-laws are:

<u>N A M E S</u>	<u>CITIZENSHIP</u>	<u>ADDRESSES</u>
1. Don Rustico Badilla, Jr.	Filipino	Tanza, Navotas, Metro Manila
2. Sergio R. Custodio, Jr.	Filipino	1378 Kundiman, Sampaloc, Manila
3. Leoncia M. Santos	Filipino	414 Bldg. 15 BBHP Zamora, Pandacan, Manila
4. Maria C. David	Filipino	1426 Sevilla Ext., Tondo, Manila
5. Salvador G. Espeña	Filipino	144 Balasan, Balut, Tondo, Manila
6. Orlando N. Soliven	Filipino	335 Ampiooco, Balut, Tondo, Manila
7. Alejandro M. Trecero	Filipino	17 Int. F. Roxas, Caloocan City
8. Jose M. Espinas	Filipino	Guidote St., Balut, Tondo, Manila
9. Ely P. Pascual	Filipino	2692 Dagupan, Solis, Tondo, Mla.
10. Felicisimo Calog	Filipino	364 Playa, Balut, Tondo, Manila
11. Jovita S. Carrona	Filipino	2611 Int. Taft Ave., Pasay City

ARTICLE VIII

That the Kilusang Bayan shall be non-stock with an authorized capital of Fifty Million pesos (₱ 50,000,000.00) and said capital is divided into Two Thousand Five Hundred (2,500) shares with a unit value of Twenty Thousand Pesos (₱ 20,000.00).

ARTICLE IX

That the following have pledged Thirty shares and have paid their initial contribution in amounts set opposite their respective names with a total of Six Thousand Pesos (₱ 6,000.00).

<u>N A M E S</u>	<u>No. of Shares Subscribed</u>	<u>Amount Subscribed</u>	<u>Mode of Payment</u>	<u>Amount Paid</u>
1. Don Rustico Badilla, Jr.	One (1)	₱20,000.00	₱200.00/mo.	₱200.00
2. Sergio R. Custodio, Jr.	One (1)	20,000.00	200.00/mo.	200.00
3. Leoncia M. Santos	One (1)	20,000.00	200.00/mo.	200.00
4. Maria C. David	One (1)	20,000.00	200.00/mo.	200.00
5. Salvador G. Espeña	One (1)	20,000.00	200.00/mo.	200.00
6. Orlando N. Soliven	One (1)	20,000.00	200.00/mo.	200.00
7. Alejandro M. Trecero	One (1)	20,000.00	200.00/mo.	200.00
8. Jose M. Espinas	One (1)	20,000.00	200.00/mo.	200.00
9. Ely P. Pascual	One (1)	20,000.00	200.00/mo.	200.00
10. Felicisimo Calog	One (1)	20,000.00	200.00/mo.	200.00
11. Jovita S. Carrona	One (1)	20,000.00	200.00/mo.	200.00
12. Silverio Laroza	One (1)	20,000.00	200.00/mo.	200.00
13. Myrna S. Muldong	One (1)	20,000.00	200.00/mo.	200.00
14. Corazon S. Reyes	One (1)	20,000.00	200.00/mo.	200.00
15. Renato Doniego	One (1)	20,000.00	200.00/mo.	200.00
16. Linda T. Jamias	One (1)	20,000.00	200.00/mo.	200.00

<u>N A M E S</u>	<u>No. of Shares Subscribed</u>	<u>Amount Subscribed</u>	<u>Mode of Payment</u>	<u>Amount Paid</u>
17. Clara P. Ortega	One (1)	P20,000.00	P200/mo.	P200.00
18. Romigio Ramirez	One (1)	20,000.00	200/mo.	200.00
19. Maximo Hailar	One (1)	20,000.00	200/mo.	200.00
20. Arsenia Puno	One (1)	20,000.00	200/mo.	200.00
21. Angel Parcon	One (1)	20,000.00	200/mo.	200.00
22. Perlita Ilarde	One (1)	20,000.00	200/mo.	200.00
23. Robert Salvador	One (1)	20,000.00	200/mo.	200.00
24. Adriana Gaerlan	One (1)	20,000.00	200/mo.	200.00
25. Merlinda Añonuevo	One (1)	20,000.00	200/mo.	200.00
26. Raymundo Reyes	One (1)	20,000.00	200/mo.	200.00
27. Shirley Domingo	One (1)	20,000.00	200/mo.	200.00
28. Julieta R. Mendez	One (1)	20,000.00	200/mo.	200.00
29. Editha N. Ney	One (1)	20,000.00	200/mo.	200.00
30. Adelina SD. Barra	<u>One (1)</u>	<u>20,000.00</u>	200/mo.	<u>200.00</u>
T O T A L	Thirty (30)	<u>P600,000.00</u>		<u>P6,000.00</u>

ARTICLE I

That Miss Maria C. David has been elected by the Board of Directors as Treasurer of the Cooperative to act as such until her successor is duly elected and qualified in accordance with the by-laws, and that as such Treasurer, he/she has been authorized to receive for the Cooperative and to issue receipts in the name of the Cooperative for subscriptions/shares paid in by the subscribers/members.

RATIFIED, 10th day of September, 1977, at Manila, Philippines.

BY-LAWS OF THE KABAHAY-GURO KILUSANG BAYAN, INC.

KNOW ALL MEN BY THESE PRESENT:

We, the undersigned, citizens and residents of the Philippines, representing a majority of the members of the KABAHAY-GURO KILUSANG BAYAN, INC. (TEACHERS' HOUSING COOPERATIVE), a Service Cooperative, herein after referred to as KILUSANG BAYAN, KB or Cooperative, do hereby adopt the following code of by-laws.

ARTICLE I

OBJECTIVES AND PURPOSES

Section 1. Objectives and Purposes - The objectives and purposes of this Kilusang Bayan are those set forth in its Articles of Incorporation and those generally granted to cooperative under Presidential Decree No. 175 dated April 14, 1973, Letter of Implementation No. 23 dated July 9, 1973, and the rules and regulations that may be issued pursuant to said laws.

ARTICLE II

MEMBERSHIP

Section 1. Membership - That membership of the Cooperative shall be open to the following:

1. Any natural person who is a citizen of the Philippines, of legal age and with capacity to contract or head of a family;
2. Any public or private school teacher or employee or a spouse of one in the area of operation of the Cooperative;
3. Any member of a registered pre-cooperative organization in the area of operation of the Cooperative;

Provided that the prospective members -

1. Possess a common bond of association which is the need for housing;
2. Reside or work in the area of operation as defined and delimited under Article II of the Articles of Incorporation;
3. Pledge to undertake the responsibilities of membership in the Cooperative and in the Barangay;
4. Complete the prescribed pre-membership cooperative education program and community development training;
5. Can make use of the services of the Cooperative, such as business, production, marketing and construction of a human settlement community on a cooperative basis including allied services relative thereto; and
6. Subscribe to its aims and purposes, and who agree to abide by its rules and regulations as set down in its by-laws and the decisions of the general membership meetings as well as those of the Board of Directors.

Section 2. Application for Membership - The application for membership shall be made in writing on a form provided for the purpose and shall be presented to the Board of Directors for action. The application shall be accompanied by a membership fee of ₱10.00 which amount shall be returned to the applicant in case of rejection.

The applicant shall subscribe one share of the capital stock of the Cooperative valued at Twenty Thousand Pesos (₱20,000.00) and at least the initial payment of Two Hundred Pesos (₱200.00) shall be paid upon submission of the application for membership and pledge to pay the amount of Two Hundred Pesos (₱200.00) monthly on a salary de-

duction agreement or any other arrangements acceptable to the Board of Directors until such time that the subscribed share is fully paid.

Appeal - An applicant rejected by the Board of Directors, may appeal his case to the next general assembly by giving notice to the Secretary of the Kilusang Bayan thirty (30) days before the said General Assembly, whose decision on the matter shall be final.

Section 3. Duties of a Member - Every member shall have the following duties:

- a) Pay the installment on unpaid subscription as it falls due and to participate in the capital buildup of the Kilusang Bayan;
- b) Patronize regularly its business;
- c) Participate in its parliamentary affairs;
- d) Obey the rules and regulations provided by Letter of Implementation No. 23 and Presidential Decree No. 175, these by-laws, the decisions of the general assembly and the Board of Directors, and policies and decisions that may be promulgated by the Department of Local Government and Community Development through the Bureau of Cooperative Development; and
- e) Promote the aims and purposes of the Kilusang Bayan, the success of its business, the welfare of its members and the cooperative movement as a whole.

Section 4. Right of a Member - Every member in good standing shall have the following rights:

- a) Participate in the deliberation during membership meeting;
- b) Vote on all matters brought before such meetings;
- c) Seek any elective position, subject to the provisions of Section 12, Article III of these by-laws;
- d) Avail himself of the services of the Kilusang Bayan without any discrimination whatsoever upon compliance with the conditions and requirements thereto;
- e) Receive interest on his investment in the capital stock of the Kilusang Bayan, and patronage refunds, if may; and
- f) Inspect and examine the books of accounts, the minutes books, the share register, the other records of the Kilusang Bayan during office hours and to exercise other rights and privileges of membership.

A member in good standing is one who:

- a) Has paid the required membership fee of P10.00 and the value of at least the initial payment provided in Section 2 of this Article;
- b) Is not delinquent in the payment of his subscription, capital contribution and accounts;
- c) Has not violated any provision of these by-laws, rules and regulations, circulars/memoranda and other issuance of the DLGCD/BCOD, membership and subscription agreements and other instruments required of him to execute as provided in these by-laws or as prescribed by the Board of Directors;
- d) Has attended and completed the prescribed cooperative seminars;
- e) Patronize regularly the business of the Kilusang Bayan and participates in its parliamentary affairs; and

- f) Complies with all obligations, duties, and undertakings of membership.

Section 5. Liability of Members - The liability of a member shall be limited. No member shall be liable for any indebtedness of the Kilusang Bayan beyond his subscribed shares.

Section 6. Termination of Membership - Membership in the Kilusang Bayan may be terminated either by withdrawal or expulsion.

Section 7. Withdrawal - Any member desiring to terminate his membership by withdrawal shall submit a written application to the Board of Directors. However, no member shall be allowed to withdraw or terminate his membership during any period in which he has any pending obligation with the Kilusang Bayan.

Section 8. Expulsion - If a member commits any act prejudice to the interest of the Kilusang Bayan or refuses to comply with his duties as a member, the Board of Directors may, following a hearing, expel such member or/in lieu of expulsion, order the suspension of his right to vote until such time as the Board shall determine. During the period of suspension, the presence of such member shall not be considered in determining the existence of a quorum or in the requirements of voting. The action of the Board suspending or expelling a member shall be appealable to the general assembly and a majority vote of the members in good standing present at such regular or special general assembly called for the purpose, shall decide the matter and such decision shall be final.

No membership fee shall be returned to any member that withdraws or is expelled.

Grounds for expulsion

1. Non-payment of three (3) consecutive monthly dues.
2. Has continually violated any provision/s of these by-laws, rules and regulations, circulars/memoranda and other issuance of the DLGCD/BCOD, membership and subscription agreements and other instruments required of him to execute as provided in these by-laws or as prescribed by the Board of Directors.

Section 9. Occupancy -

- a) Husband and wife is entitled to one unit only.
- b) Registered member must be the occupant of the house.
- c) In the event the member is transferred to another place due to the nature of his work, but still wants to continue his membership in the Kilusang Bayan, he should inform the Board of his decision, thru writing, as long as only relative to the 4th degree of consanguinity and/or affinity will be allowed to reside in the unit provided the member will continue to pay his regular amortization and in no case such occupant be allowed to exercise duties given only to the member. Finally, such occupants will follow the rules and regulations of the Kilusang Bayan formulated in the maintenance of the housing environment.

Section 10. Appraisal and Payment of Members' Interest Upon Termination of Membership - Upon the termination of the membership of a member, the Board of Directors shall determine the book value of the member's share of stock, in no case to exceed the par value, as established at the year-end audited financial statement nearest to the date of termination and shall fix the amount thereof in money to be paid subject to the availability of funds. Within one year after such termination, or, at the option of an expelled or withdrawing member or

the heir of his legal representative, he may, in lieu of cash, be issued a revolving fund certificate or other evidence of indebtedness; Provided, however, that payment of said equity in cash shall not be made if on account of such payment the value of the Kilusang Bayan's assets would be less than the aggregate amount of its debts and liabilities exclusive of capital stock subscribed, or will diminish the reserves required under existing laws.

ARTICLE III

GOVERNMENT

Section 1. Membership Control - Subject to the provisions of Presidential Decree No. 175, Letter of Implementation No. 23, and regulations issued pursuant to Section 8 of Presidential Decree No. 175, final authority in the management and administration of the affairs of the Kilusang Bayan is vested in the general assembly.

Section 2. The General Assembly - The general assembly of the Kilusang Bayan shall be composed of members in good standing.

Section 3. Powers and limitations of the General Assembly - The general assembly has the power:

- a) To elect and remove directors, officers and committee members for cause;
- b) To hear and pass upon the reports of the Board of Directors, Officers and Committees;
- c) To take final decisions regarding any drastic change in financial policies, subject to legal restrictions;
- d) To act as final arbiter in any dispute or disagreement which may arise between or among the members of the Board of Directors and committees, officers and individual members;
- e) To determine the amendments in the articles of incorporation and/or by-laws;
- f) To exercise final authority on all matters vitally affecting the Kilusang Bayan; and
- g) To exercise all the rights and privileges appurtenant to membership.

Section 4. Annual General Assembly - The General Assembly, shall meet at least once a year within thirty (30) days after the close of each fiscal year. Subject to the approval by the Director, Bureau of Cooperative Development, the holding of the general assembly may be extended, but in no case shall it be held beyond 60 days after the close of the fiscal year. The annual general assembly shall be held at the principal office of the Kilusang Bayan or at any place within its area of operation and at such time as the Board of Directors may designate.

Section 5. Special General Assembly - A special general assembly may be called at any time by the Board to consider urgent matters requiring immediate membership decision. A special general assembly shall be called by the President within 30 days from receipt of a written request from:

- a) At least 10 percentum of the total number of members in good standing;
- b) The Audit and Inventory Committee;
- c) The DLGCD through the BCOD or its authorized representatives, or;
- d) The Federation or Union of which the Kilusang Bayan is a member.

Section 6. Notice of General Assembly - Written notices of all meetings shall be served by the Secretary, through an agent or by mail, upon each member at his last known post office address or thru publication in a paper of general circulation at least ten (10) days prior to the general assembly. The notice for an annual general assembly, shall be accompanied by the agenda, minutes of meeting of the last general assembly, consolidated reports of the Board of Directors and Committees, complete with financial statements, proposed amendments to the Articles of Incorporation and By-Laws if any, and other papers needed by the members to arrive at sound and intelligent decisions during the general assembly.

Notice of any special general assembly shall state the purpose for which it is to be held and no business other than the stated purpose of those related thereto shall be considered in the meeting.

Section 7. Fiscal Year - The fiscal year of this Kilusang Bayan shall commence on the first day of January, and end on the last day of December.

Section 8. Agenda - As far as practicable, the order of business at each annual meeting shall be:

- a) Roll call;
- b) Proof of due notice;
- c) Consideration of the minutes of the last general meeting;
- d) Consideration of the consolidated report of officers, board of directors and committees including audited statements of financial condition and operation;
- e) Unfinished business;
- f) Election of directors and committed members;
- g) New business; and
- h) Adjournment.

Section 9. Quorum at the Membership Assembly - At the annual or special general assembly, one-half plus one of the total number of members in good standing shall constitute a quorum.

But if a quorum is not present at the date and time fixed in the call, the members present therein constituting at least twenty percent of the members in good standing, but in no case shall those present be less than fifty, may proceed with the transaction of the business of the Kilusang Bayan, provided that no resolution acted upon therein shall be valid until the same has been duly certified to by the Secretary and attested by the presiding officer, together with a list of the members present, shall be submitted within 15 days from the date of said membership assembly.

Section 10. Manner of Voting -

- a) Members in good standing shall be qualified to vote and participate in the general assembly of the Kilusang Bayan. No member of the Kilusang Bayan be entitled to more than one vote regardless of the share capital owned.
- b) Election and removal of Directors and Committee members shall be by secret balloting. Action on all other matters shall be in any manner as will reflect truly and correctly the decision of the membership.

Section 11. Board of Directors and Number - The business of the Kilusang Bayan shall be administered by a Board of Directors of eleven (11) members.

Section 12. Qualification of, and Disqualification for Directors

All members in good standing, who have the time and willingness to serve, are qualified to be voted as directors, except those who are under any of the following circumstances which disqualify them to be voted upon to the position of director or to continue as such:

- a) Holding any elective position in the government, except that of a barrio councilmen;
- b) Having conflicting interest with the business of the Kilusang Bayan;
- c) Having been absent for three (3) consecutive board meetings without being excused;
- d) Being a full time employee of the Kilusang Bayan, except in the case of a labor service cooperative;
- e) Having been convicted of any crime involving moral turpitude, gross negligence, or gross misconduct in the performance of his duties or found culpable in any administrative case involving such offenses;
- f) Facing, as a defendant or respondent, in an administrative proceeding or civil suit involving financial and/or property accountability;
- g) Having been associated with any past anomalies in cooperative; and
- h) Having been disqualified pursuant to disqualification prescribed by the Bureau of Cooperative Development.

Section 13. Election of Directors - The members of the Board of Directors shall be elected by secret ballot by the members at the annual general assembly and shall hold office for a term of two years unless earlier removed for cause, or have resigned or become incapacitated due to illness or death, and until their successors have been elected, qualified and have discharged the duties of the office; provided, that during the election at the first annual general assembly after registration, one-half plus one of the directors obtaining the highest number of votes shall serve for two years, and the remaining directors for one year. Thereafter, all shall be elected for a term of two years.

The term of the incorporating directors shall expire during the first annual general assembly after registration.

Section 14. Directors Meeting, Election of Officers - A meeting of the members of the Board of Directors shall be held within ten (10) days after each annual general assembly to elect by secret ballot from among themselves a Chairman, a Vice-Chairman, a Treasurer, and a Secretary. The Treasurer and Secretary need not be members of the board. The Board of Directors may fill either or both of said positions by appointment. The elected officers shall hold office for a term of one year or until the election, qualification and assumption into office of their successors. Thereafter, the Board of Directors shall meet at least once a month.

Special meetings of Board may be called by the Chairman or in his absence, by the Vice-Chairman, or by a majority of the directors. The call for a special meeting shall be addressed and delivered to the Secretary stating the date, time and place of such meeting and the matters to be acted upon. Notice of regular and special meetings of the Board of Directors, unless dispensed with, shall be served by the Secretary in writing to each director at least five (5) days before such meeting.

Section 15. Quorum of Director's Meeting - One-half plus one the total number of the directors in the Board shall constitute a quorum. A majority vote of the quorum duly assembled in a meeting shall be valid corporate act.

Section 16. Vacancies - When a vacancy in the Board occurs by reason of death, incapacity, removal or resignation, the remaining members of the board constituting a quorum shall fill the vacancy. If the remaining members of the Board do not constitute a quorum, the Director, BCOD shall designate the successor. The successor named in either of the two instances, shall serve for the unexpired portion of the term.

In the event that the assembly cannot muster a quorum to fill the positions vacated by directors whose term have expired and said directors refuse to hold-over, until their successors shall have been elected and qualified, the Director, BCOD, shall designate from among the qualified members the directors who shall serve until the next annual general assembly.

Section 17. Removal of Directors and Committee Members - Any elected director or committee member may be removed from office for cause by a majority vote of the members in good standing present at the annual or special general assembly called for the purpose after having been given the opportunity to be heard at the said assembly.

Any officer elected/appointed by the Board of Directors, Election Committee and Audit and Inventory Committee members, may be removed from office for cause by majority vote of the entire membership or the Board or Committee.

Section 18. Powers and Duties of the Board - The Board of Directors, as a body, but not by any of the directors acting in their individual capacity, shall have general supervision and control of the affairs of the Kilusang Bayan. It shall prescribe policies consistent with law, these by-laws and the resolutions of the general assembly for the management of its business and guidance of its members, officers and employees.

The member of the Board of Directors, in the discharge of their duties, shall be jointly and severally responsible for transactions, acts, omissions made in violation of law, the regulations, these by-laws, or the resolutions for the general assembly, except those who entered a protest at the time when such transaction, act or omission was acted upon.

Section 19. Election Committee - The election committee shall be composed of five (5) members elected during the annual general assembly. Within 10 days after their election, the committee members shall choose from among themselves a Chairman and a Secretary. Said committee shall perform its functions during the next general assembly. The committee shall supervise the conduct of all elections, perform its duties in accordance with established election practices, canvass and certify in writing the returns to the presiding officer.

In the appreciation of ballots, cumulative voting shall be disregarded and a vote for a director or committee member shall be counted as one vote. Such other formalities and machinery for the conduct of election not provided for in these by-laws shall be determined by the general assembly.

Section 20. Audit and Inventory Committee - An Audit and Inventory Committee of five (5) members shall be elected during the annual general assembly. In no case shall a member of the committee serve as a member of the Board of Directors at the same time and vice-versa. Within ten (10) days after their election, the members of the committee shall elect from among themselves a Chairman and a Secretary. The members of the Committee shall hold office for one year or until their successors shall have been elected and qualified. The committee shall provide internal audit service, maintain a complete record of its examination and inventory and submit audited quarterly reports to the Board Board and audited annual financial reports to the general assembly.

Section 21. Qualifications of, and Disqualifications for, Committee Members - The qualifications and disqualifications provided for directors shall apply to the members of the Audit and Inventory Committee and the Election Committee.

Section 22. Education and Training Committee - The Education and Training Committee shall be composed of such number as may be determined by the Board and appointed by it for a term of one year, without prejudice to their reappointment. The Vice-Chairman of the Board shall serve as ex-officio chairman of the Committee. The committee shall be responsible in the planning and implementing promotional and educational activities of the Kilusang Bayan.

Section 23. Officers and their Duties - Chairman - The Chairman shall:

- a) Preside over all meetings of the Kilusang Bayan and of the Board of Directors;
- b) Perform any and all acts and duties usually performed by a presiding officer;
- c) Sign all stock certificates, revolving fund certificates, and such other papers of the Kilusang Bayan which the Board may authorize or direct him to sign; and
- d) Perform such other duties as the Board of Directors may prescribe.

Vice-Chairman - In the absence or disability of the Chairman, Vice-Chairman shall perform the duties of the Chairman; provided, however, that in case of death, resignation or removal of the Chairman, Board of Directors may decide to elect its successor.

Treasurer - The Treasurer shall have the following duties:

- a) Take custody of all money, securities and papers of the Kilusang Bayan;
- b) Keep a complete record of its cash transactions for the establishment and proof of his cash position at any given time and date;
- c) Pay, upon the approval of the Chairman or as authorized by the Board of Directors, all money transactions and certify to the correctness of the cash position of the Kilusang Bayan in all financial statements and reports submitted to the Department of Local Government and Community Development through the Bureau of Cooperative Development;
- d) Turn over all money, securities, papers, books and other property belonging to the Kilusang Bayan that he may have in his possession upon election or appointment of his successor;
- e) Post an adequate bond. The expenses of which are to be paid for by the Kilusang Bayan, to assure the faithful performance of his duties; and
- f) Perform the duties of the Secretary in the latter's absence or inability to perform his duties.

Secretary - The Secretary shall have the following duties:

- a) Keep a complete list of all its members and maintain a correct record of all meetings of the Board of Directors and the General Assembly;
- b) Give notice of all meetings called;

- c) Keep and maintain the Stock Transfer Book and serve as the custodian of the corporate seal of the Kilusang Bayan;
- d) Turn over to his successor all books and other properties in his possession belonging to the Kilusang Bayan; and
- e) Perform the duties of the Treasurer in case of the latter's absence or inability to perform his duties.

5 Section 24. Management Staff - The Board of Directors shall appoint the members of the Management Staff, fix their compensation and tenure.

1. General Manager - No person shall be appointed to the position of general manager unless he possesses the following qualifications and none of the disqualifications herein below enumerated:

- a) He must be familiar with the business operation of the Kilusang Bayan;
- b) He must at least be a college graduate or has finished the DLGCD Cooperative Training Program (Phase I and II);
- c) He must have at least two (2) years experience in cooperative or related business;
- d) He must be honest and must have a deep sense of responsibility;
- e) He must not be engaged directly or indirectly in any business similar to that handled down by the Kilusang Bayan;
- f) He must not be facing or have been convicted of any administrative or criminal case involving moral turpitude, gross negligence or grave misconduct in the performance of his duties;
- g) He must not be addicted to any form of gambling or immoral or vicious habits; and
- h) He must be willing to undergo pre-service and/or in-service training.

Duties of the General Manager:

- a) The General Manager shall, under policies set by the Board of Directors, have general charge of all the phases of the business operations of the Kilusang Bayan. Upon the appointment of his successor, he shall turn over to him all money and property belonging to the Kilusang Bayan which he has in his possession or over which he has control;
- b) He shall maintain his records and accounts in such a manner that the true and correct condition of the business of the Kilusang Bayan may be ascertained therefrom at any time. He shall render annual and periodic statement and reports in the form and in the manner prescribed by the Board of Directors, and preserve the books, documents, correspondence and records of whatever kind pertaining to the business which may come into his possession; and
- c) Subject to the policies of the board of Directors, he may employ, supervise and dismiss any agent and employee in the management force.

2. Accountant - No person shall be appointed to the position of Accountant unless he possesses the following qualifications and none of the disqualifications hereinbelow enumerated;

- a) He must be at least a Commerce graduate, major in Accounting;

- b) He must have at least two (2) years experience in cooperatives or related business;
- c) He must be honest and must have a deep sense or responsibility;
- d) He must not be engaged directly or indirectly in any business similar to that handled by the Kilusang Bayan;
- e) He must not be facing or have been convicted of any administrative or criminal case involving moral turpitude, gross negligence or grave misconduct in the performance of his duties;
- f) He must not be addicted to any form of gambling or immoral or vicious habits; and
- g) He must be willing to undergo pre-service and/or in-service training.

Duties of the Accountant:

- a) He shall install an adequate and effective accounting system in the Kilusang Bayan;
- b) He shall render monthly reports to the Board of Directors on the financial condition and operations of the Kilusang Bayan and annual reports to the general assembly or as may be required;
- c) He shall coordinate with the manager and the Audit and Inventory Committee in assisting the Board in the preparation of annual budgets; and
- d) He shall assist the Chairman in the preservation of the books of accounts, documents, vouchers, contracts and records of whatever kind pertaining to the business of the Kilusang Bayan which may come to his possession.

The accountant shall be under the manager for purposes of administrative supervision, but shall be directly responsible to the Board of Directors in the performance of his duties.

Section 25. Compensation - The members of the Board and Committee shall not receive regular compensation, but they may be given per diems for actual attendance to Board and Committee meetings, reimbursement of actual and necessary expenses while performing functions on behalf of the Kilusang Bayan, and such allowances as may be determined by the general assembly.

ARTICLE IV

CAPITAL STRUCTURE

Section 1. Source of Funds - The Kilusang Bayan shall derive its funds from:

- a) Share capital;
- b) Revolving capital by deferment of payment of patronage refunds and/or interest on capital;
- c) Retains
- d) Capital Reserve;
- e) Loan Capital;
- f) Subsidies, grants, and donations; and
- g) Other sources of funds as may be authorized by law.

Section 2. Continuous Capital Build-up - Every member shall invest at least 50% of his annual dividend and patronage refund to the equity of the Kilusang Bayan.

Section 3. Kilusang Bayan Guarantee Fund- At least 1% of the gross income of the Kilusang Bayan shall be set aside to constitute the Kilusang Bayan guarantee fund which shall be a social fund for the purpose of guaranteeing the realization of the objectives of the Kilusang Bayan, payment of common services and facilities for the benefit of the members and for investment in other Kilusang Bayan.

In the event of the dissolution of the Kilusang Bayan, The Guarantee Fund shall not be distributed to the individual members but shall be donated to the Cooperative Education Training Fund.

Section 4. Borrowing - The Kilusang Bayan, through the Board of Directors, may borrow money from any sources at the best terms and conditions available and in such amount as may be needed.

Section 5. Share Capital and Stock Certificates - The term "share" shall refer to a unit of capital the par value of which is Twenty Thousand Pesos (P20,000.00).

Serially numbered certificates of stock of the Kilusang Bayan shall be issued to each member upon the full payment of the subscription, and for subsequent shares as they are paid for. The certificates shall contain the shareholder's name, the number of shares owned, the par value and duly signed by the Chairman and the Secretary, and bearing the official seal of the Kilusang Bayan. All issues and transfer shall be registered in the stock and transfer book.

The shares may be purchased, owned or held only by persons who are eligible for membership. Interest may be paid on the paid-up capital at the rate prescribed by the Department of Local Government and Community Development and such interest may be in cash, or credited towards payment of subscriptions, outstanding accounts, or additional shares or to the revolving fund of the Kilusang Bayan.

Section 6. Transfer of Shares - 1) The Kilusang Bayan shall have first option to buy any share offered for sale. The amount to be paid for such share shall be the par value or book value, whichever is lower.

- 2) If the Kilusang Bayan is not in a position or otherwise refuses to purchase such shares, the member shall have the right to sell them to any person eligible for membership in the Kilusang Bayan;
- 3) A member shall not transfer any share held by him or interest in the Kilusang Bayan or any part thereof, unless;
 - a) He has held such shares or interest for at least one year;
 - b) The transfer is made to a person who falls within the field of membership of the Kilusang Bayan, provided said person is acceptable to the Kilusang Bayan; and
 - c) The board has approved such transfer.
- 4) Transfer of shares shall not be binding to the Kisulang Bayan until such transfer has been registered in its stock and transfer book. No transfer shall be completed until the old certificates shall have been endorsed and surrendered and a new certificate issued in the name of the member. The last transferee, if a new member, shall pay the required membership fee. A transfer fee of P5.00 shall be charged.

5) In case of lose or destruction of a certificate of stock, another may be issued in its place to the owner thereof after executing an affidavit in triplicate setting for the following;

- a) circumstances as to how, when and where said certificate was lost or destroyed;
- b) the number of the shares represented by the certificate;
- c) the serial number of the certificate; and
- d) the lost or destroyed certificate has never been transferred, sold or endorsed to any third party and that should the same be found, the owner shall surrender it to the Kilusang Bayan.

Any false representation or statement made in the aforesaid affidavit shall be a ground for expulsion from the Kilusang Bayan.

ARTICLE V

OPERATION

Section 1. The Kilusang Bayan shall be organized either to provide its members with the identified service requirements or to operate and enterprise that will provide service to the community. In either case, the Kilusang Bayan shall be operated primarily to ensure efficient and reliable service at competitive prices.

Section 2. As far as practicable, all revenue reliable service, the Kilusang Bayan shall be strictly on cash basis.

Section 3. For purposes of ensuring efficient and reliable service, the Kilusang Bayan shall accept only qualified persons presently engaged in the same or similar service or persons who can be trained for the technical competence required by the service, maintain standards of quality befitting the status of its clientele, exercise close supervision over its member-workers, and conduct periodic and continuing training to develop the skills and update the competence of its member-workers.

Section 4. The Kilusang Bayan mobilize the resources of its members for capital formation toward financing other services needed by them and the community.

Section 5. Service over and above profit shall be overriding consideration of the Kilusang Bayan in the pursuit of its goals and in the operation of its business.

Section 6. The cooperative shall request technical assistance from different government agencies and financial intermediaries to provide their project components in the establishment of a human settlement program.

Section 7. The Cooperative shall apply to undertake part or all of the roles and responsibilities of the local government under Letter of Instruction No. 509 so that it could enter into a joint venture agreement with the National Housing Authority in undertaking the housing project for its members.

Section 8. The Cooperative shall provide for and coordinate organizational services of organizing the members into a new Barangay with the assistance of the Bureau of Local Government/Department of Local Government and Community Development.

Section 9. The Cooperative shall provide for and coordinate social services of health and education to the community with the assistance of the Department of Health, Department of Education and Culture and the Department of Social Services and Development.

ARTICLE VI

ALLOCATION AND DISTRIBUTION OF INCOME

Section 1. At the end of the fiscal year, the Kilusang Bayan shall distribute its net income in the following manner:

- a) Ten percent (10%) shall be set aside for cooperative education and training which amount shall for part of the operating expenses of the Kilusang Bayan. One-half of this amount shall be utilized by the Kilusang Bayan for its own education and training activities, The other half shall be remitted to the Cooperative Education Training Fund.
- b) At least ten percent (10%) shall be set aside as General Reserve Fund.

The General Reserve Fund is created and the corresponding fund shall be provided for the stability of the Kilusang Bayan and to absorb losses, if nay, in its business operation.

In the event of the dissolution of the Kilusang Bayan, The General Reserve Fund shall donated to the Cooperative Education and Training Fund.

- c) The remainder shall be allocated for interest on capital and/or patronage refund, as determined by the Board of Directors, provided, however, that the interest on capital shall not exceed the rate prescribed by the Secretary, DLGCD.

ARTICLE VII

MISCELLANEOUS

Section 1. Investment of Funds - Excess funds of the Kilusang Bayan, if any, may be invested in the shares of another Kilusang Bayan, federation/union of cooperatives, cooperative rural banks, or in securities issued or guaranteed by the government subject to the approval by the Bureau of Cooperatives Development.

Section 2. Books of Accounts - The Kilusang Bayan shall keep and maintain adequate books of accounts in accordance with generally accepted accounting principles and practices applied consistently from year to year subject, however, to the provisions of Presidential Decree No. 175 and Letter of Implementation No. 23.

Section 3. Audit - At least once a year, the Board of Directors shall, in consultation with the Audit and Inventory Committee, cause the audit of books of account of the Kilusang Bayan.

Section 4. Annual Report - The Kilusang Bayan shall make an annual report of its financial affairs to its members at the general assembly together with the audited financial statements. The reports and statements shall be certified to by the Chairman, Treasurer, Manager and other responsible officers of the Kilusang Bayan as true and correct in all aspects of their knowledge.

Section 5. Seal - The seal of the Kilusang Bayan shall be determined by the Board of Directors.

- a) The Four Figures stand for:
 1. President Ferdinand E. Marcos, Republic of the Philippines and the First Lady and Metro Manila Governor, Imelda R. Marcos and their concern of the

housing problem and Human Settlement for low-salaried employees of the government, as well as of the Kabataang Barangay.

2. A Family - a father, a mother, and their children. The parental love to their children for shelter and security.
3. The teachers involvement to youth development for a better tomorrow.
 - b) The Silhouette of the House stands for a typical Filipino home showing strenght and protection of a family shielded against the heat of the sun, the coldness of the rain and from other natural calamities.
 - c) Pananahanan means Housing for Human Settlement.
 - d) The "Alibata" stands for: an old Filipino language character, which means "K".
 1. K as used by Andres Bonifacio meaning Katipunan.
 2. K as used by the Cultural Center of the Philippines, meaning, Kultura, Kalinangan.
 3. K as used in Kabahay, Kilusan and Kooperatiba.
 - e) Lettering stands for the Old Filipino language character called "Alibata". It is the style of writing of our forefathers long before the first invaders step on the Philippines soil.
 - f) 1977 - The year when the noble dream of ending the unceasing housing problem among teachers, most particularly in Metro Manila is brainchild by a core group, investing sweat, blood and tears. It is the year when in the teachers' objectives will visualize their true sentiments as one. It is the year when a throng of enthusiastic united teachers braved the heavy downpour and impending calamity, just to be able to win the hearts of the authorities concerned.
 - g) Quotation - "The vision is of desirable future shaped by present efforts".
 - h) Motto: Improve the quality of life through Human Settlement Cooperative!
 - i) The Rationale behind the Cooperative - The structure of the Kabahay-Guro Kilusang Bayan typifies the strenght and unity of teachers to a future village which they could proudly claim as their own. The strategic objectives focus on: teacher and his environment, economic and educational upliftment, improved accessibility, consumers cooperative. It has the desire to be a model cooperative which could be the pride of Asia if not of the whole world.

ARTICLE VIII

AMENDMENTS

Section 1. Amendments - Amendments to the Articles of Incorporation and those by-laws may be adopted by a majority vote of the members in good standing present at any regular or special general assembly called for the purpose.

The amendments shall take effect upon receipt by the Kilusang Bayan of the corresponding Certificate of Registration issued by the Bureau of Cooperatives Development.

Voted and Adopted this 10th day of September, 1977, in Manila.

KABAHAY - GURO KILUSANG BAYAN, INC.

T E A C H E R S

HOUSING COOPERATIVE

M A Y N I L A

Organized in accordance with PD 175 & LOI 23
Under Reg. No. R-IV-P-016 R

EXCERPTS FROM THE MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
HELD AT LACSON ELEMENTARY SCHOOL II, GUIDOTE, BALUT, TONDO, MANILA
ON OCTOBER 22, 1977.

PRESENT: Don Rustico Badilla, Jr. - Chairman
Sergio Custodio, Jr. - Vice-Chairman
Leoncia M. Santos - Secretary
Maria C. David - Treasurer
Salvador G. Espeña - Director
Orlando N. Soliven - Director
Alejandro M. Trecero - Director
Jose M. Espinas - Director
Ely P. Pascual - Director
Felicisimo Calog - Director
Jovita S. Carmona - Director

B. D. RESOLUTION NO. 6 s. 1977

PETITION FOR A GRANT OF FIFTY (50) HECTARES OF LAND

WHEREAS, this Cooperative with a membership of Two Thousand and Five Hundred (2,500) has for its main project the undertaking of a socialized housing program for the benefit of its members and which is felt by the members hereof as a recognized need;

WHEREAS, President Ferdinand E. Marcos announced during his birthday on September 11, 1977 that he intends to establish model cooperative settlements projects in every nook of the country;

WHEREAS, on the observance of the fifth anniversary of land reform on October 21, 1977 President Marcos said that starting that day, the government policy calls for the expropriation of private lands as well as assigned public lands for human settlements and socialized housing throughout the country;

WHEREAS, the President set aside 20,000 hectares of lands in Metro Manila for human settlements and socialized housing for Metro Manila residents;

WHEREAS, reassuring the poor that the government is determined to look after their interest, the President said "We will emancipate the poor who are impoverished by ignorance; we will set the policies so that our poor can help themselves - Nasa kamay ng ating mamamayan (it is now in their hands)",

WHEREAS, the members of this Cooperative who are teachers are determined to help the President in his socialized housing program to emancipate the people from the bondage of poverty by teaching and living by example;

WHEREAS, the members of this Cooperative through their Board of Directors are willing and hereby pledge to contribute their resources particularly the amount of One Half Million Pesos (P500,000.00) monthly

starting January, 1978 continuously until the whole obligations of the Cooperative in the housing project is extinguished; Furthermore, the members of the Cooperative signify and pledge their willingness to maintain the project including all community facilities and services in usable form and operating conditions after the completion of the main project;

WHEREAS, the total community approach project when finally realized will give the following benefits:

1. serve as pilot demonstration project on human settlements,
2. an example of a socialized housing project under the joint venture housing concept,
3. solve the low-income housing problem of the country,
4. good vehicle for barangayan, bayanihan, cooperativism and community development,
5. serve as a show window of the First Couple's housing efforts to create a city of humanity,
6. afford the privilege of self-development, social growth and economic independence under a truly just and democratic society,
7. emancipate the low-income workers from the bondage of poverty,
8. means of attaining a more equitable distribution of income and wealth by increasing income and purchasing power of the low-income sector of the population,
9. enhance the Baranganic spirit which is an inborn trait of the Filipino people, and
10. effect the desired changes and reforms in the economic, social and political structure of our society.

WHEREAS, the members of the Cooperative for an efficient and proper administration of the project have authorized the Board of Directors as the sponsoring representative group to supervise, administer and promote such activities and services as are necessary to carry out the aims and purposes for which the project is undertaken;

NOW, THEREFORE, on motion of Director Salvador G. Espeña, as seconded by Director Ely P. Pascual, the members of the Cooperative, through their legally constituted Board of Directors, have petitioned, as they do hereby petition His Excellency President Ferdinand E. Marcos to assign or set aside Fifty (50) hectares of land from the Tondo Foreshore reclamation area for use as demonstration project of Socialized Housing Project as provided for in this Resolution.

I HEREBY CERTIFY That the foregoing is a true excerpt from the minutes of the Board of Directors meeting aforesaid.

Leoncia M. Santos
LEONCIA M. SANTOS
Secretary

ATTESTED:

Don Rustico Badilla, Jr.
DON RUSTICO BADILLA, JR.
Chairman

NHA-COOPERATIVE SOCIALIZED HOUSING JOINT
VENTURE PROGRAM

The Joint Venture Program between the National Housing Authority and the Cooperative will provide the mechanism for bringing together the resources of all the parties involved to bear on the housing problem of the Cooperative. This program shall be principally geared towards households in the lower-income group particularly in the case of the teachers and employees as well as families or retirees, soldiers and veterans groups.

The Pilot Demonstration Project, to be known as the "KABAHAY-GURO KILUSANG BAYAN," or "TEACHERS HOUSING COOPERATIVE" project, shall implement the desire of His Excellency President Ferdinand E. Marcos to establish model cooperative settlements projects in every nook of the country which shall be demonstration projects of the human settlements approach to community building.

If Letter of Instruction No. 509 is applicable in this Pilot Demonstration Project, it shall be a replication of the "Bagong Nayon" project of the First Lady, Metro Manila Governor, Madame Imelda Romualdez Marcos located at Bo. Kamias, Antipolo, Rizal, a low-cost housing project for Metro Manila being undertaken on an inter-agency basis with the national agencies undertaking project components falling under their respective functional responsibilities.

The project shall involve 2,500 families, all members of the Cooperative organized in accordance with Presidential Decree No. 175 and its implementing rules and regulations under the DLGCD/BCOD. The total community approach which is a cluster of five (5) barangays, each barangay is equivalent to 500 families will provide the situation where the concepts of people participation, self-reliance and community development are operationalized and put to test.

The projected total community shall be a Cooperative of 2,500 households in an area of Fifty (50) hectares, possibly a part of the 20,000 hectares of lands which President Marcos set aside for Metro Manila for human settlements and socialized housing for Metro Manila residents.

Given a ceiling of P20,000.00 per housing unit (house and lot) for each family, the estimated cost for the total project of 2,500 units is Fifty Million Pesos (P50,000,000.00).

The KABAHAY-GURO KILUSANG BAYAN, INC. (TEACHERS HOUSING COOPERATIVE) has an authorized capitalization of Fifty Million Pesos (P50,000,000.00) divided into Two Thousand Five Hundred (P2,500) shares at Twenty Thousand Pesos (P20,000.00) per value payable by the members at the rate of Two Hundred Pesos (P200.00) monthly for a period of 100 months or from eight to ten years installment. At this rate, the Cooperative expects a monthly collection of One-Half Million Pesos, (P500,000.00).

As a matter of policy, housing units distributed under this program will be issued certificates of occupancy and transfer of rights. With proper arrangements, based on the income level and calculated level of affordable expenditures for housing under the financing scheme, this service of the Cooperative may be converted into home ownership plans.

NHA-COOPERATIVE JOINT VENTURE PROGRAM

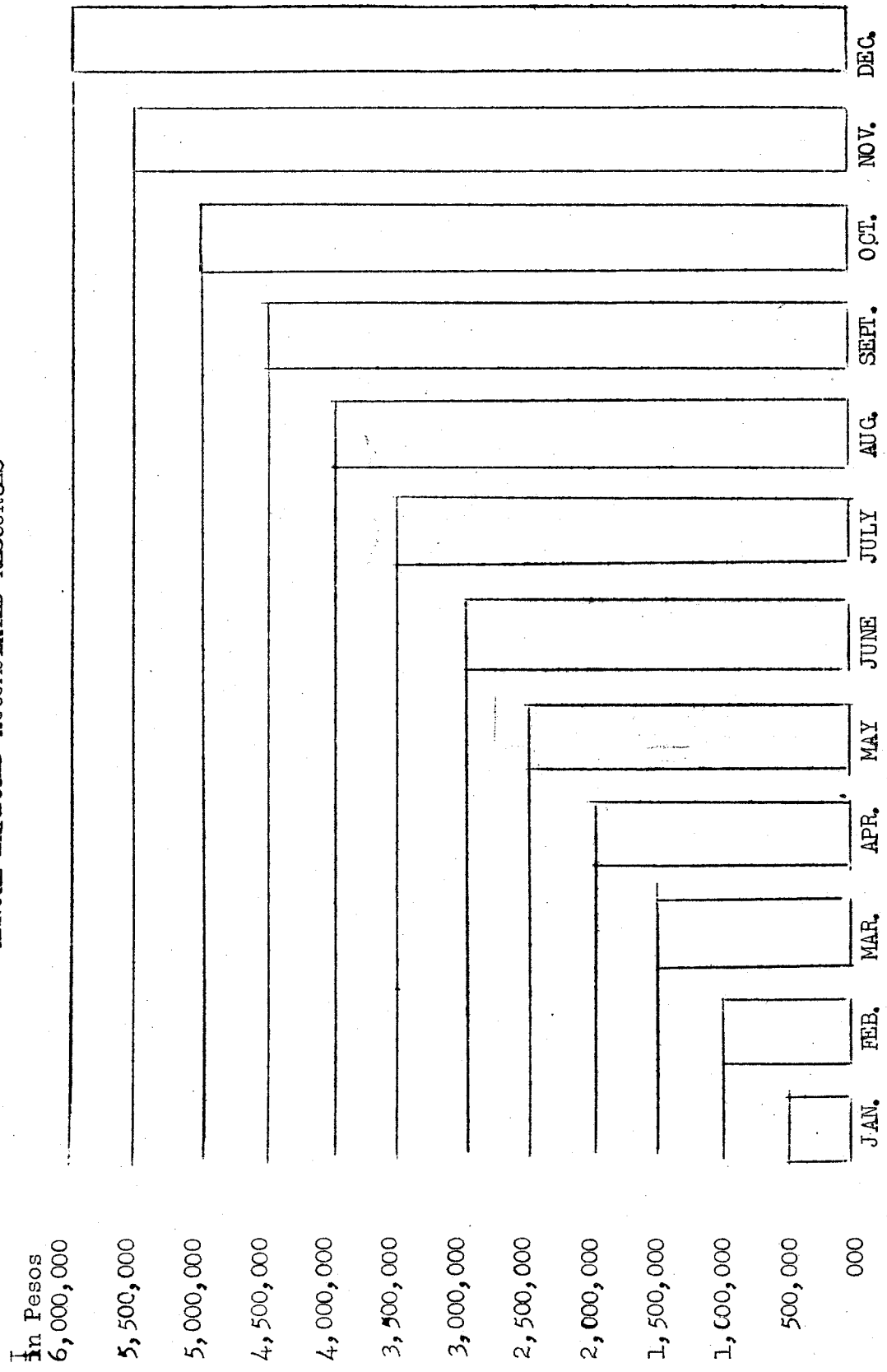
The activities, roles and relationships of the parties involved in the implementation of the NHA-Cooperative Joint Venture Program are summarized as follows:

1. Department of Local Government and Community Development (DLGCD) Bureau of Cooperatives Development (BCOD)/Regional Office
 - a. Organizes the Housing Cooperative.
 - b. Supervises the operation of the Cooperative.
 - c. Guarantees the Cooperative Loan under P. D. No. 175.
 - d. Organizes members of the Cooperative into Barangays.
2. National Government Agencies - authorize the Cooperative to undertake project components falling under their respective functional areas:
 - a. Department of Public Works - Transportation and Communication - vertical structures designed for community such as school, multi-purpose centers as well as facilities the availability of electricity and transportation in the area.
 - b. Department of Public Highways - construction of access roads and major circulation roads in the project areas.
 - c. Local Water Utilities Administration - provisions of water facilities to the community.
 - d. Department of Health, Department of Education and Culture, and Department of Social Service and Development - social services of health, education and culture.
3. Metro Manila Council - provides or assigns the land area from the 20,000 hectares of lands which President Marcos set aside for socialized housing and human settlements for Metro Manila residents.
4. PHIVIDECON Construction and Development Corporation - contributes expertise in planning and helps the Cooperative to:
 - a. Prepare development plans.
 - b. Provide housing components (knocked down houses).
 - c. Manage and supervise the project.
 - d. Undertake site development.
 - e. Construct housing units and community facilities.
 - f. Turns over the finished project to Cooperative.
5. Cooperative:
 - a. Provides Fund for acquisition of land.
 - b. Submits proposal and prepares requirements.

NHA-COOPERATIVE JOINT VENTURE PROGRAM

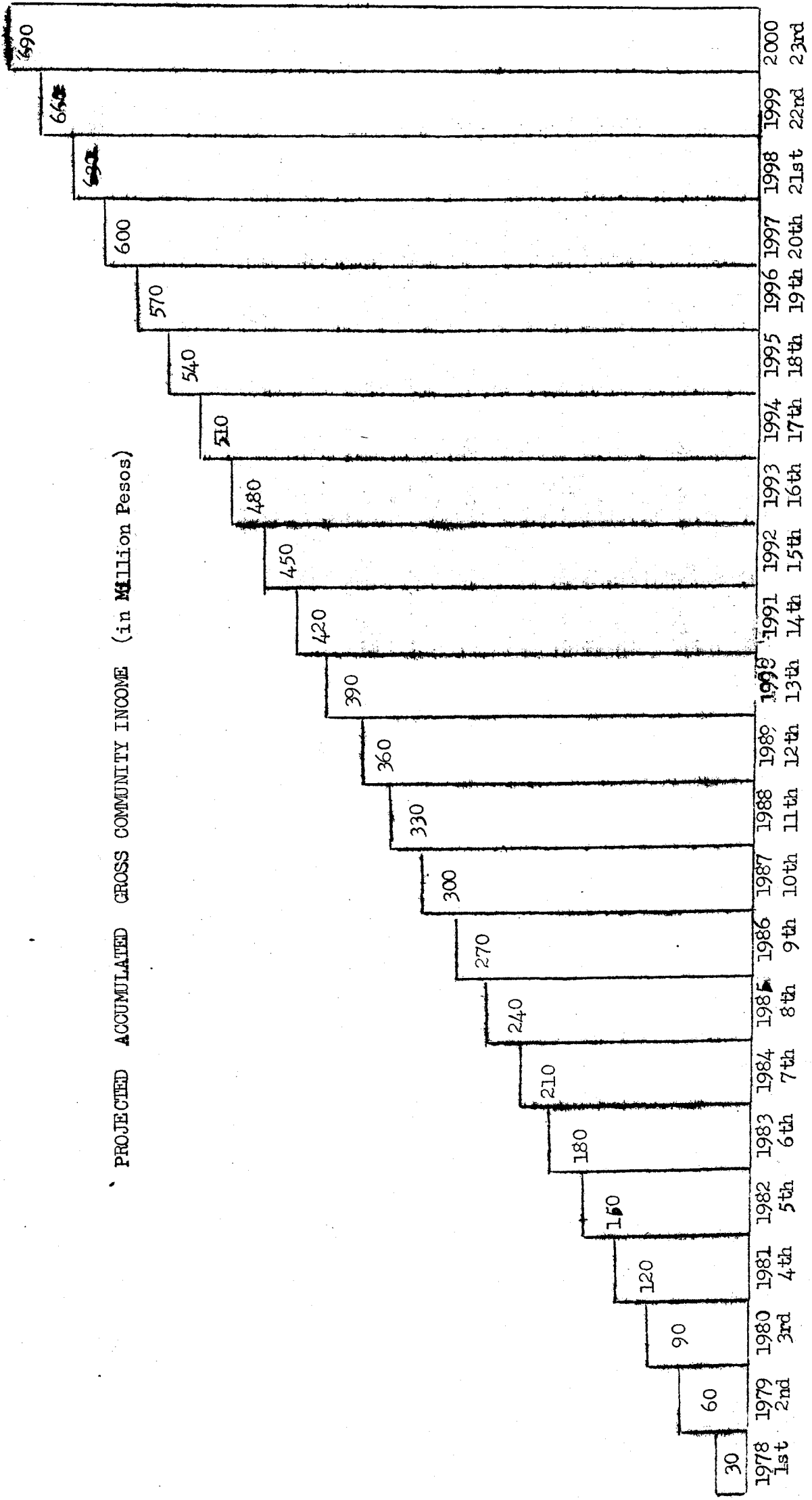
- c. Coordinate with PHIVIDEC in management and supervision.
 - d. Accepts finished project and assumes credit risk.
 - e. Distributes units to members.
 - f. Issues certificates of occupancy and transfer of rights to members in good standing, convertible to home ownership plan.
 - g. Ejects expelled or resigned members not in good standing and considered squatting in the premises with the clearance of the National Housing Authority and the Department of Local Government and Community Development, with all the force of law applied to him.
 - h. Pays amortization on loan to it by the NHA.
6. National Housing Authority:
- a. Acts as the Project Coordinator and Administrator of the NHA-Cooperative Joint Venture Program.
 - b. Evaluates and approves the project proposals of the Cooperative based on the guidelines on the type and cost of housing benefits to be offered under the Program.
 - c. Provides long term financing to the Cooperative to support the latter's housing services to the members (beneficiaries). The amortization of loans extended by the NHA to the Cooperative will essentially match the collections on regular payments on the shares of the members of the Cooperative.
 - d. Approves Certificates of Occupancy to the beneficiaries (members) after ensuring compliance with its guidelines on site development and construction as well as on qualification of the members of the Cooperative.
 - e. Provides technical assistance and project supervision.
 - f. Collects periodic amortization on its loans to the Cooperative.

ANNUAL EXPECTED ACCUMULATED RESOURCES

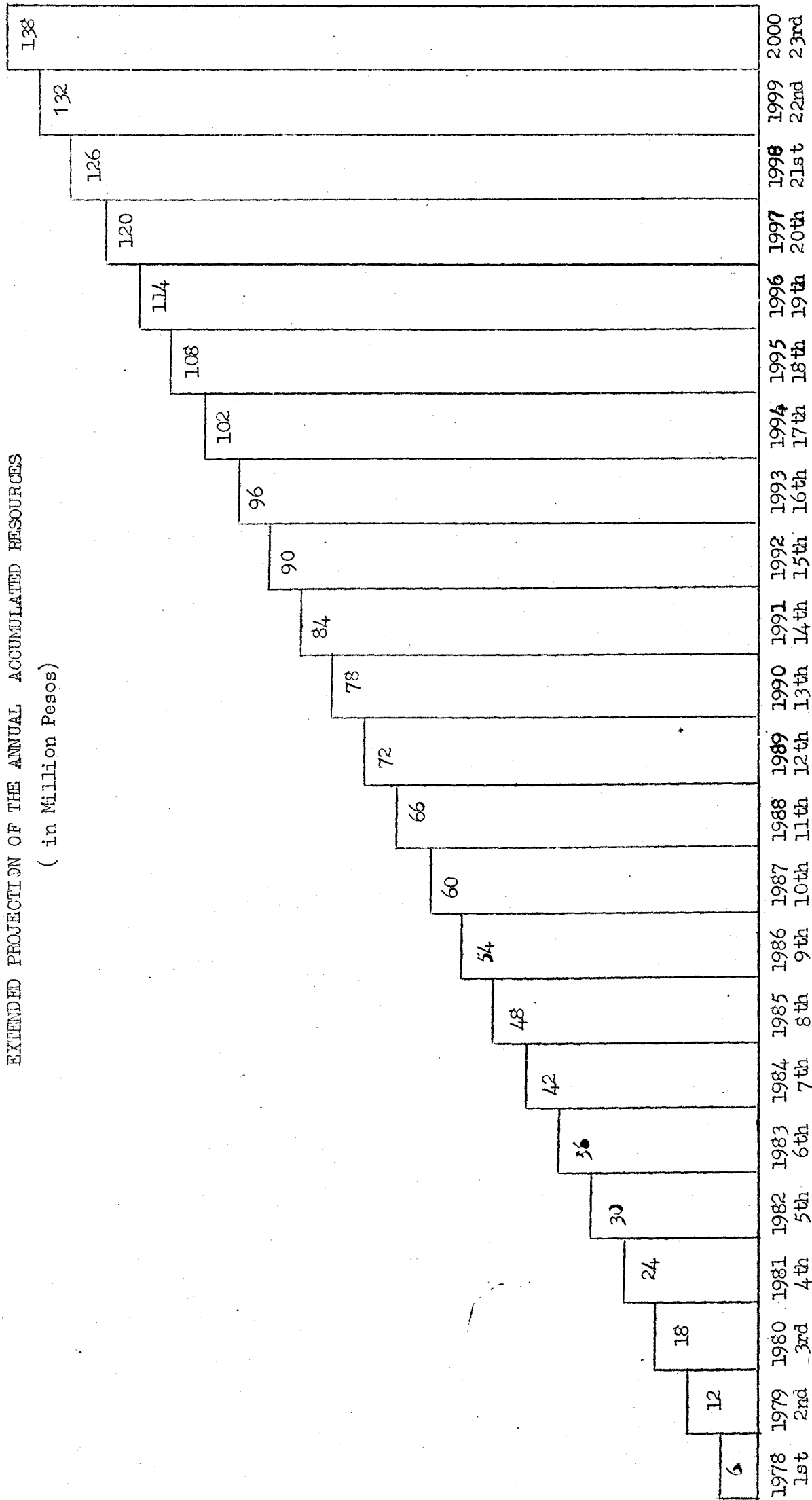


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PROJECTED ACCUMULATED GROSS COMMUNITY INCOME (in Million Pesos)



EXTENDED PROJECTION OF THE ANNUAL ACCUMULATED RESOURCES
 (in Million Pesos)





Edited by:
JOVIE S. CARMONA

TO:
KABAHAY-GURO KILUSANG BAYAN, INC.
(Teachers' Housing Cooperative)
BALUT, TONDO, MANILA

BULLETIN

A WEEKLY PUBLICATION ON HOUSING COOPERATIVES

Volume I No. 1

November 1 - 5, 1977



ANG BUKILOD

Pampaaralang Pahayagan ng Arsenio Lacson II

Haon 5, Blg. 2

Guidote, Balut, Tundo

Oktubre, 1977

CITY NEWSWEEK

NAGA CITY - OCTOBER 15, 1977

Teachers' housing coop formed

Now, it is a reality. The Teachers' Housing Service Cooperative organized under and in accordance with Presidential Decree No. 175 and Letter of Implementation No. 23 was recently duly registered in the Regional Office of the Department of Local Government and Community Development, Cooperatives Development Division at Quezon City. **R-IV-P-016R**

OFFICERS OF THE CO-OP: (Article VII) — President/Chairman — Don Rustico C. Badilla, Jr., Vice-Chairman — Sergio R. Custodio, Jr., Secretary — Leoncia M. Santos, Treasurer — Maria C. David, Directors — Salvador G. Espeña, Orlando N. Soliven, Alejandro M. Tracero, Jose M. Espinas, Ely P. Pascual, Felicisimo Calog, Inocencia U. Arroyo, Chairman of the Audit and Inventory Committee — Maximo Hailar, Chairman of the Election Committee — Robert Salvador, General Manager — Pablo P. Titi, Jr., Legal Consultant — Assistant City Fiscal Roberto Ruelo of Manila and Adviser — Mrs. Julita A. Isidro, Principal of the school address, Lacson II Elementary School, Guidote, Balut, Tondo, Manila.

The Housing Service Cooperative Project is inspired by the Human Settlements Approach to Community Building Program of the First Couple. — Oscar Suenca

Seminar, Ginaganap sa Lacson II

Murang Pabahay Para sa mga Guro

Ginaganap sa Pampaaralang Lacson II ang panunumpa ng board members ng Kabahay-Guro Kilusang-Bayan, Inc., noong Set. 16 sa harapan ni Assistant City Fiscal Roberto R. Ruelo.

Patuloy na namamahagi ng kaalaman ang Kabahay-Guro Kilusang-Bayan, Inc. ukol sa kooperatiba sa mga gurong pambayan, pampribado at sa mga kawani ng paaralan sa Metro Manila sa Pampaaralang Arsenio H. Lacson II, Balut, Tondo, Maynila, sa pakikipag-ugnayan sa punong guro ng paaralan, Gng. Julita A. Isidro.

Ang paghahandog ng seminar ay sinimulan noong Set. 1. Ang mga gurong may nais na maging miyembro ng kooperatiba ay kailangan munang makatapos ng seminar na ito. Isa sa awa ng mga tauhan ng Department of Local Government and Community Development sa pangunguna ni G. Isaura Ancheta, City Development Officer ng Maynila ang pagtuturo ng mga kaalaman ukol sa kooperatiba.

Ang Kabahay-Guro ay lupon ng mga gurong nagpangkat upang makapaglingkod sa kapuwa. Ang unang proyekto ng samahang ito ay ang murang pagpapabahay para sa mga guro at kawani ng Metro Manila.

Ang samahan ay binubuo ng 11 board of directors sa pamumuno ni G. Don Rustico Badilla, Jr. at 19 na mga incorporators. Ito ang tinatawag na 'Core Group' ng samahan. Patuloy ang pagpupulong ng pangkat na ito tungo sa pag-unlad at pagsulong ng kooperatiba at sa ikabibilis ng pagtatamo ng kanilang adhikain.

Ang katuparan ng mga simulain ng kilusang ito ay magiging isang magandang halimbawa ng kahalagahan ng pagkakaisa at pagtutulungan. Maraming mga guro ng Metro Manila ang matutulungan nito upang magkaroon ng sariling tahanan.



Edited by:
JOVIE S. CARMONA

TO:

KABAHAY-GURO KILUSANG BAYAN, INC.
(TEACHERS' HOUSING COOPERATIVE)
BALUT, TONDO, MANILA

BULLETIN

A WEEKLY PUBLICATION ON HOUSING, COOPERATIVE

Volume I No. 2

November 6 - 12, 1977

PHIL. HOSTS COOPERATIVE HOUSING SEMINAR

The International Cooperative Alliance (ICA) Regional Office & Education Center for Southeast Asia in collaboration with the Philippine Cooperative Movement is sponsoring a Regional Seminar on the Development of Cooperative Housing from Nov. 10-30, 1977 which will be held at Villa La Maja Hotel, Baguio City.

The Seminar aims to discuss the following: (1) promotion and ways and means of starting cooperative housing societies; (2) organizational patterns and types of by-laws; (3) financial needs and schemes of financing; and (4) education programmes and the role of the government.

Participating countries include Australia, Bangladesh, India, Indonesia, Iran, Japan, Republic of Korea, Malaysia, Nepal, Pakistan, Philippines, Singapore, Sri Lanka and Thailand.

Invitation to the International Conference is extended to legitimate housing cooperatives all over the Regional area of Southeast Asia.

ANNOUNCEMENT!!!!

GET YOUR COPY OF THE KGKB, Inc.
WEEKLY BULLETIN EVERY SATURDAY AT
ARSENIO H. LACSON ELEMENTARY SCH. II
Corner Guidote & Rodriguez
Balut, Tondo, Manila

KGKB PASSES RESOLUTION #6, S. 1977

The Kabahay-Guro Kilusang Bayan, Inc., the only housing cooperative for teachers in the Philippines, registered in Manila, passed Resolution #6, S. 1977 during its Board meeting last October 22, petitioning His Excellency Pres. F. E. Marcos through the First Lady, Metro Manila Governor Imelda R. Marcos to assign or set aside fifty (50) hectares of land from the Tondo Foreshore reclamation area for use as demonstration project for Socialized Housing Project.

It may be recalled that the President, reassuring the poor that the government is determined to look after their interest has set aside 20,000 hectares of lands in Metro Manila for human settlements and Socialized Housing projects for Metro Manila residents.

The members of the Cooperative who are teachers are determined to help the President in the Socialized Housing program to emancipate the people from the bondage of poverty by teaching and living by example.

The members of the Cooperative thru the Board of Directors are willing and hereby pledge to pool their resources together to maintain the project including all community facilities and services in usable form.

COMELEC Chairman Leonard Perez confirmed in a TV interview with Gerry Espina in the program "Interaction" announcements that:

"TEACHERS SERVING IN THE REGISTRATION OF VOTERS FOR THE DECEMBER REFERENDUM ARE EXEMPTED FROM THE 15-DAY RURAL SERVICE."

KABAHAY-GURO SUBMITS PROPOSAL TO NHA

The KGKB, Inc. in coordination with the PHIVIDEC Construction and Development Corporation headed by its President Ex-Congressman Simeon M. Valdez submitted a feasibility study for undertaking a socialized housing project for the benefit of its members under a joint venture scheme on October 29, 1977 to Gen. Audencio V. Tobias, National Housing Authority General Manager in a conference called for the purpose.

Among other things discussed in the conference were: 1) The first requirement in the joint venture w/c is the provision of land site. 2) Identification of available land areas. 3) Design of knockdown house PHIVIDEC. 4) Affordable level of recipients. 5) Invitation for General Tobias to be the guest speaker in the graduation ceremony of the first two thousand five hundred (2,500) participants to the Pre-membership Training Courses of the cooperative.

The activities, roles and relationship of the parties involved in the implementation of the joint venture proposal are summarized as:

*DLGCD/BCOD organizes the cooperative, supervises its operations, guarantees its loan under PD 175 and organizes the community into Barangays.

*National government agencies authorize the cooperative to undertake project components falling under their respective functional areas.

*Metro Manila Council provides or assigns the land area from the 20,000 hectares of lands which President Ferdinand E. Marcos set aside for socialized housing and human settlements for Metro Manila residents.

*PHIVIDEC contributes expertise in planning and helps the Cooperative to prepare development plans, manage and supervise the project, undertake site development, construct housing units and community facilities and turns over the finished project to the cooperative.

*The Cooperative provides fund for the acquisition of land submits proposal and prepares requirements, coordinates with PHIVIDEC in management and supervision, assumes credit risk and distributes units to members.

The National Housing Authority acts as the Project Coordinator and Administrator of the NHA-Cooperative Joint Venture Program. It evaluates and approves the project proposals of the Cooperative based on the guidelines on the type and cost of housing benefits to be offered under the program. It provides long term financing to the Cooperative to support the latter's housing services to the members (beneficiaries). The amortization of loans extended by the NHA to the cooperative will essentially match the collections on regular payments on the shares of the members of the cooperative. The NHA approves Certificates of Occupancy to the beneficiaries (members) after ensuring compliance with its guidelines on site development and construction as well as on qualification of the members of the cooperative. It provides technical assistance and project supervision and collects periodic amortization on its loans to the cooperative

#

The KABAHAY-GURO KILUSANG BAYAN INC. (Teacher's Housing Cooperative) has an authorized capitalization of Fifty Million Pesos (₱50,000,000.00) divided into 2,500 shares at ₱20,000 par value payable by the members at the rate of ₱200.00 monthly for a period of 100 months. At this rate, the cooperative expects a monthly collection of One-Half Million Pesos (₱50,000.00) which is committed to support the Socialized Housing Program of Pres. Ferdinand E. Marcos.

The projected total community involves 2,500 households in an area of about 50 hectares divided into five phases, each phase is equivalent to a barangay of 500 families which will provide the situation where the concepts of people participation self reliance and community development are operationalized and put to test.

Data show that the total community income of the 2,500 families is estimated at Two Million and a Half monthly which could mean self-sufficiency and self-operationalized if organized into a cooperative community complex.

#

Summary of the text prepared by the Singapore delegates to the Regional Seminar on the 'Development of Co-operative Housing' in Philippines from 10th to 30th November, 1977.

1. The history of co-operation and the formation of co-operatives.
 2. Formation of Co-operative Movement in Singapore.
 3. Statistical information of Co-operative Societies in Singapore.
 4. Method of Housing Co-operatives in different countries.
 5. Pattern of Housing Co-operatives in Singapore.
 6. Introduction of Housing Co-operatives in Singapore.
 7. Limitation of Thrift and Loan Societies as Housing Societies.
 8. Motivation and formation of the first Co-operative Housing Society in Singapore.
 9. Housing developments undertaken by the housing society in Singapore.
 10. Formation of the second Co-operative Housing Society.
 11. Introduction of the third Co-operative Housing Society.
 12. Rules and Regulations of Co-operative Housing Society.
 13. Election of office bearers to the Housing Societies.
 14. Contributions made by members to the Housing Societies.
 15. Types of houses built by the Co-operative Housing Societies.
 16. Conditions and limitation of loans granted to members.
 17. The procedure of application by members to purchase or take a loan to buy a house.
 18. Aids from similiar Societies for housing projects.
 19. The answer to the speculation of land prices by private enterprises and the Government's participation in developing housing estates.
 20. The Government's role in public housing.
 21. Formation of the Housing and Development Board.
 22. Progress of rental flats by the Housing and Development Board.
 23. Launching of H.D.B.'s Home Ownership Scheme.
 24. Introduction of C.P.F. contributions towards the purchase of H.D.B. flat.
 25. The usage of the C.P.F. contributions towards the purchase of the H.D.B. flat.
 26. The answer to the H.D.B. contribution to public housing.
 27. The Government's recommendation of selling prices of H.D.B. flats.
 28. Interest rate, repayable terms and initial downpayments of H.D.B. flats.
 29. Conditions and terms of purchasing a H.D.B. flat.
 30. Statistics on progress by the H.D.B.
 31. Observation of Singapore's public housing.
 32. Expanding the trade of Housing Co-operatives.
 33. Conditions of a stable Co-operative Housing Society.
-

DEVELOPMENT OF CO-OPERATIVE HOUSING IN SINGAPORE

- 1 The history of co-operation gives complete proof that the Co-operative form of organisation is a defensive mechanism against exploitation of the weaker section by those in a stronger economic position. Therefore the co-operative form of organisation has a very useful and vital role to play in the present situation prevailing in this region. The co-operatives are institutions formed by people with a deep humanitarian philosophy, purpose and a firm and faithful commitment to the achievement of social justice and economic democracy.
- 2 The Co-operative Movement in Singapore was introduced by the Government in 1925. The main aim was to assist the people in freeing themselves from the shackles of money-lenders. Thrift and Loan Societies were then started and today, the Movement has diversified, engaging in varied economic activities ranging from Housing Co-operatives to Supermarket ventures. Consequently, co-operatives in Singapore have generated an appreciable impact on the Republic's economy.
- 3 There are altogether 78 Co-operative Societies in Singapore with a membership of 100,677 as at 31st December, 1976. Amongst them are three Co-operative Housing Societies with a total membership of 4,702 (See Appendix 'A' for statistics of Housing Co-operatives during the last three (3) years.)
- 4 The development of housing through the Co-operative method has taken different forms in different countries to suit the economic and social conditions prevailing in those countries.

- 5 Housing Co-operatives which acquire land, develop them and construct houses and ultimately transfer them to members when loans are fully and completely settled; the members then take full control and enjoy complete ownership. This is the pattern of Housing Co-operatives in Singapore.
- 6 The Housing Co-operatives were introduced in this country after the Second World War. It must however, be remembered that the Co-operative Movement has been interested in the promotion of home ownership among the Co-operators even before the establishment of housing co-operatives. It is for this purpose that the co-operative thrift and loan societies, especially those well established and financially sound, had introduced provisions in their constitution to provide mortgage loans to enable their members to own homes.
- 7 However these societies can only undertake such activities to a limited extent in view of the fact that they were short term credit organisations and should therefore have adequate liquidity funds available to all times to issue loans and to refund shares or subscriptions to members as and when required. It will not be prudent therefore to apply a very large proportion of their funds to finance investments on a long term basis. This being the case, the amount set aside in co-operative thrift and loan societies for mortgage loans were limited between 25 to 30% of the subscribed capital. In order to extend the scope of housing development, the movement felt it desirable to establish housing co-operatives.

- 8 Thus the Co-operative Housing Scheme was motivated by the Singapore Government Servants Co-operative Thrift and Loan Society. It was registered in December, 1948, during a period when general demand from the middle and lower income groups of people for houses, and as such, landlords had gradually increased the rent. To assist the members of the Society, this "Housing Scheme" was introduced as the new era of co-operative movement in this country.
- 9 The Society has so far built 6 housing-estate projects namely at Pulasan Road Estate, Cambridge Road Estate, Paya Lebar Estate, Thomson Road Estate, Paya Lebar Gardens and Sembawang Estate totalling 596 units. The selling prices¹ of houses in these estates ranged from \$10,000 to \$34,000. In addition, about 1,500 units of houses were bought from private developers and sold to members at cost price.
- 10 The second Co-operative Housing Society was formed in June, 1956. The main objective of this society is to assist non-government employees to own houses. They give loans to members to buy/build houses. Its fund was supplemented by Fixed Deposits made by other sister Co-operative Societies.
- 11 The third Co-operative Housing Society catered mainly for the Malays. It was registered in the name of 'Sharikat Berkerjasama² Perumahan Kebangsaan Singapura Dengan Tenggongan Berhad' in November, 1964. This Society also hoped to develop and provide houses/apartments to its members.

- 12 Rules and regulations of each Co-operative Housing Society may differ a little but the main objective is to give benefit to the members of becoming house-ownership. (See Appendix B for Rules and Regulations of Singapore Co-operative Housing Society, Application form for membership and Application for loans).
- 13 Officials of the Co-operative Housing Societies in the Republic are elected yearly at their respective Society's Annual General Meetings. These elected men and women who come from all walks of life, voluntarily spend their spare time to meet and discuss the needs of their members and the types of projects to be launched. They are not paid for their services rendered.
- 14 Members of the housing societies normally make a monthly contribution to their share capital with a minimum of \$10/- per share. This will augment the Societies' funds for any projects in hand. At the end of the closing year for the accounts, dividends are declared and paid to members accordingly. Thus by contributing to the shares' capital, it helps to make (i) a member save regularly and (ii) to participate in co-operative business.
- 15 The types of houses built by the Co-operative Housing Societies were mostly terrace and semi-detached houses of 2-storey buildings. In comparison with the private sector, the co-operative houses were cheaper in cost and better in quality.

- 16 A member is allowed to purchase only one unit or take a loan only once to buy a house. The loan given to members is normally 75% on the cost of the house/unit and the maximum period to repay by instalments is not more than 20 years. The interest rate chargeable is lower than that of the commercial/private sector.
- 17 Applications from members to purchase a house or take a loan to buy a house have to be submitted on a prescribed form. The applications are usually considered at the Executive Committee Meetings. The rate of interest payable to the loan approved is never more than 1% on the interest paid to the sister co-operative societies who have put in their money on "Fixed Deposits" A/C with the Co-operative Housing Societies. To date, the housing loans to members have remain either at 6% or 7% per annum on the principal outstanding.
- 18 To develop a housing project, a Co-operative Housing Society needs money. If the share capital were not strong enough to proceed with a project, an appeal is made to other sister Co-operative Societies to put in "Fixed Deposits" A/C with the Co-operative Housing Society so as to help in building up the fund for the project to be developed. Usually the response is overwhelming. The interest rate payable to the "Fixed Deposits" A/C is competitive or the same as that of the commercial banks.
- 19 However with the limited land space on an island as the Republic of Singapore, would had given private enterprises to buy up land and develop housing estates and sell the housing units with high profits. The answer to stop speculation of land prices going higher, the Government with similar idea as that of the

Co-operative Movement, initiated to develop housing estates by building multi-storied buildings and selling the units to the people of the lower and middle income groups by instalment basis. This, of course, proved to be very popular.

PUBLIC HOUSING BY HOUSING & DEVELOPMENT BOARD.

- 20 The Government had undertaken direct public housing and physical planning programme to ameliorate the critical housing situation and the problems associated with rapid urbanization.
- 21 The Government then formed a statutory board - known as the Housing & Development Board in 1960 - to look into the possibilities of tackling the housing problems. Within the first five years of its inception, the Board built more than 50,000 units of apartments for the middle and lower income groups of people.
- 22 With the easing of the acute housing shortage through the building of numerous flats/apartments for rent in the early 1960's, it became necessary to look into possibilities of the middle and lower income groups to own their own homes.
- 23 The Board's Home Ownership Scheme was launched early in 1964 and it proved very successful. The scheme as it exists today is largely similar to that introduced at the pioneer launching.
- 24 To further promote the "Home Ownership for the people" scheme, the Government in 1968 permitted the use of Central Provident Fund contributions towards the purchase of the apartments as initial down payment. The Central Provident Fund is a statutory old age savings scheme contributed by the workers and their respective employers for their retirement benefits.

- 25 Those who use their C.P.F. can use the whole or part of the monthly contributions paid to the Central Provident Fund in respect of their account towards the payment of the monthly instalments due to the HDB for the flat for which the purchaser has entered into agreement, provided that the amount drawn from his C.P.F. account in any month does not exceed the monthly instalment payable in the month by the member.
- 26 Through its massive buildings and related programme the Housing and Development Board has made a major contribution in meeting both the Social and economic housing requirements in Singapore. The Government provides for social housing in the form of subsidized rented units for the lower income groups and meet the housing needs and housing demands of the lower and middle income groups by offering for sale H.D.B. flats under the "Home Ownership" for the People' Scheme.
- 27 The Government also recommended that these flats be built and sold to these mentioned income groups at sufficiently low and attractive prices whilst at the same time ensuring that such a programme would not become a burden on the financial resources of the Republic. It was envisaged that this home ownership programme would provide social stability to an essentially migrant and multi-racial population.
- 28 The H.D.B. charges a low interest rate of $6\frac{1}{4}\%$ and the loans could be repayable over a term of 5, 10, 15, or 20 years. The initial down payment is 20% of the price of the flat. (See Appendix 'C' for cross-section views of H.D.B. purchased flats, its selling prices and application forms and conditions for these flats).

- 29 The flats purchased are solely for residential occupation by the purchaser and his immediate family. The term "family" is defined to include those who are in direct marital or blood relationship with the purchaser, and who can be accepted as forming the proper nucleus of a family. The total income of the family must not exceed S\$1,500/- per month.
- 30 Because of the reasonable price offered by the H.D.B. for their flats, 58% of the population of the Republic as on June, 1977, are now staying in H.D.B. flats. By the end of this decade a total of not less than 370,000 units of such housing will have been built to accommodate 65 to 70% of the estimated Singapore population of 2.5 million.
- 31 We note that the Singapore public housing scheme provides a good example of how a massive public housing programme can be financed and implemented effectively within the limits of national resources without recourse to foreign funds.
- 32 However, the Co-operative Movement can still play an effective part in the field of developing Housing Co-operatives. After a project has been developed, it could train or employ a force or personnel to do the maintenance of the whole estate and its fixtures - such as plumbing, electricity, carpentry, interior decor and allied occupations. This is where the diversification comes in to expand the programme of the trade of the Housing services.

- 9 -

- 33 In conclusion, to be a stable Co-operative Housing Society, we must have the adaptability of members to the rapid training for services required in a Housing Estate; the quality of members and office bearers who should seek to attain a high degree of discipline and loyalty through continuous process of members education; the availability of a group of united and dedicated leaders assisted by competent full time personnel and the continued support of the government.

Appendix 'A' - Statistics of Housing Co-operatives in the Republic of Singapore during the last three (3) years.

Appendix 'B' - 1) Application form for membership.
2) Rules and Regulation of Singapore Co-op Housing Society.
3) Application for loan.

Appendix 'C' - Plans, floor plans and prices of H.D.B. flats.

STATISTICS OF CO-OPERATIVE SOCIETIES IN THE REPUBLIC OF SINGAPORE AS AT 31ST DECEMBER, 1975 & 1976 AND LOUISIE SOCIETIES AS AT 31ST DECEMBER, 1974, 1975 & 1976

Year	Type of Societies	Number of Societies	Member-ship	ASSETS				LIABILITIES				Total S\$	Loans Outstanding S\$	Total S\$	
				Shares and Subscription Capital S\$	Deposits S\$	Statutory Reserves S\$	Other Reserves S\$	Borrowings S\$	Fixed Assets S\$	Long Term Investments S\$	Short Term Investments S\$				Current Assets S\$
1975	Overall	76	92,279	33,419,368.95	3,534,513.63	4,042,197.44	15,982,214.36		5,429,724.10		17,901,485.19	22,028,034.29	25,674,939.53		
1976	Overall	78	100,677	35,904,768.40	10,018,528.78	5,264,255.56	27,318,378.33	29,625,213.57	11,143,895.87	8,514,102.12	33,326,555.85	25,340,266.43	30,106,423.27	108,131,245.64	108,131,245.64
1974	Housing	3	5,071	3,079,944	1,108,255	282,373	772,705		1,201,985	5,000		20,432	7,533,037	5,243,277	
1975	Housing	3	4,797	1,551,593.09	53,318.89	285,351.38	85,468.21		1,213,848.74	142,474.15		444,537.84	7,277,628.33		
1976	Housing	3	4,762	1,208,225.22	2,125,558.13	441,903.70	722,709.37	10,122,892.45	2,611,901.70	11,110.50	366,349.15	4,604,619.05	7,546,507.47	14,800,487.37	14,800,487.37

SUMMARY OF CO-OPERATIVE SOCIETIES IN THE REPUBLIC OF SINGAPORE AS AT 31ST DECEMBER 1975 & 1976

Year	Thrift & Credit	Consumers	Multi-Purpose	Housing	RESERVES							Total	
					Land Purchase	Transport	Producer	Insurance	Medical	Banking	Service		School Co-operative
1975	44	10	7	3	3	2	2	1	1	1	-	1	76
1976	42	10	9	3	3	1	2	1	1	1	2	2	78

NOTE: The above statistics are based on last known figures available at the Registry of Co-operative Societies

THE SINGAPORE CO-OPERATIVE HOUSING SOCIETY LIMITED

Confidential

Form of Application for Loan

To The Management Committee, The Singapore Co-operative Housing Society Ltd., Post Office Box 2840, Singapore. Date

- 1. Name of Applicant (in block letters) Sex..... Age..... Reg.No..... Date of Admission into Society..... Occupation..... Monthly Income..... Marital Status - Married/Single. Husband's/Wife's Name..... Husband's/Wife's Occupation Husband's/Wife's monthly Income Are you a member of any other Co-operative Housing Society? If so, state name of society State your private address and telephone number, if any
2. Do you own a house at the date of this application?..... If so, state address
3. Purpose of Loan: To purchase land and/or house at State name of present Owner and/or Developer with address Purchase Price \$..... Amount of Loan Required \$..... Period of Repayment Monthly instalments \$..... inclusive of interest. Is the property free of encumbrances? Is the property to be purchased on freehold or leasehold terms?.....
4. Assurances: - I hereby give the following assurances: (a) To pay all legal, survey, valuation, insurance and other fees; (b) To keep the premises in good repair during the tenure of the loan; (c) Undertake to occupy the premises myself and not to rent the mortgaged premises during the tenure of the loan; (d) To continue paying monthly towards my share capital until I have acquired the minimum number of 60 shares.

Signature of Applicant..... N.R.I.C.No..... Reg.No.....

FOR OFFICE USE

Other Observations: Tabled at Committee Meeting Remarks - Approved/disapproved.Amount of Loan Approved \$. Repayment at \$..... per month inclusive of interest. Chairman's Signature..... Date:.....

- 1. Share Capital payments must be up-to-date at the time of loan application.
2. Applicant must have been a member of the Society for at least twelve months.
3. Applicant must continue paying his share capital up to the required minimum of 60 shares. The borrowing member may, if he so desires, withdraw a portion of his share capital, leaving at least one share to his credit, for the purpose of meeting the deposit for expenses. However, the applicant shall continue to subscribe towards the share capital until the minimum of 60 shares is again acquired.
4. Loans to members shall be limited to a maximum sum of \$25,000/- per member, subject to funds being available.
5. Applications for loans should be accompanied with an initial deposit of \$500/- towards valuation, Legal and other incidental expenses.

Qualification for a Loan

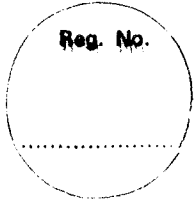
**THE SINGAPORE CO-OPERATIVE HOUSING SOCIETY, LIMITED,
SHARIKAT KERJASAMA PERUMAHN SINGAPURA BERHAD.**

新加坡購屋合作社有限公司

சிங்கப்பூர் கூட்டுறவு வீடு அமைப்பு சங்கம் லிமிடெட்.

APPLICATION FOR ADMISSION

(By-law 5)



To:

The Committee of Management,
The Singapore Co-operative
Housing Society, Ltd.
Post Box 2840
Singapore.

Application No.
Approved on
Chairman

Date,

Sirs:

I request that you will admit me as a member of the above Society.

My full name is
(State whether Mr. Mrs. or Miss)

My full residential address is

My date of birth is

My profession/occupation iswith

I am at present a member of the following Co-operative Societies:

and I declare that I am not carrying on similar business as that conducted by the Society.

I have read and do understand the Society's By-Laws and agree to be bound by them and by such amendments as may from time to time be made in them. I agree to abide by the Rules and Regulations framed by the Committee of Management under By-Law 26(x).

I enclose the sum of \$13.00, being \$3.00, for entrance fee and \$10.00 for the cost of one share, and agree thereafter to pay to the Society's Bankers such sums as may be agreed upon between me and the Society.

Further, I agree to pay for at least one share every month until I have acquired sixty shares in accordance with By-Law 13. I also wish to deposit \$..... per month in accordance with By-Law 15.

.....
Signature of Applicant.

Name

Address

Registered Number

.....
Signature of Member Proposing.

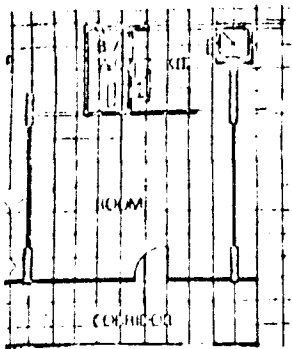
Name

Address

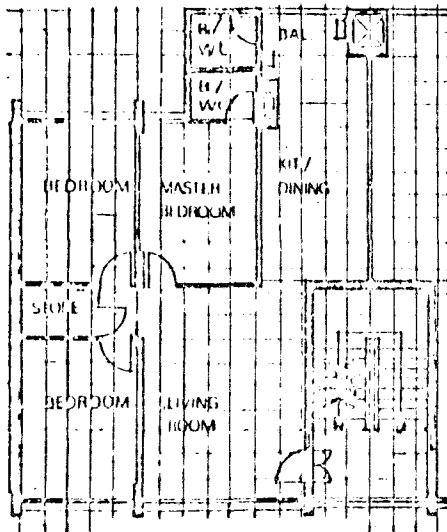
Registered Number

.....
Signature of Member Seconding.

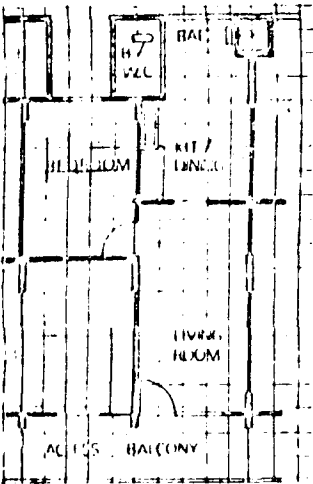
PROTOTYPE FLATS



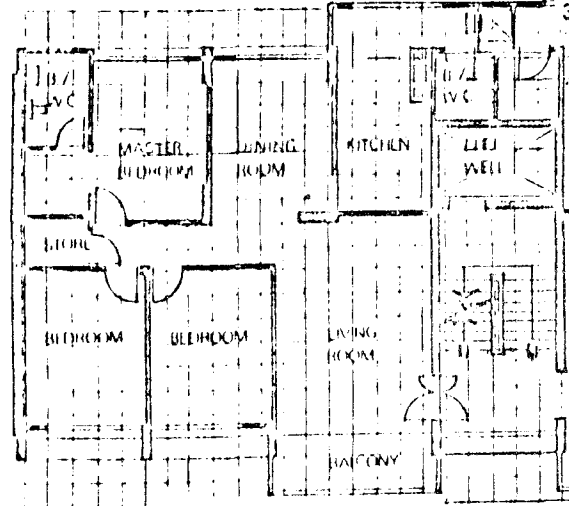
1 - ROOM IMPROVED FLAT
(FLAT SIZE 32.8 sq. m.)



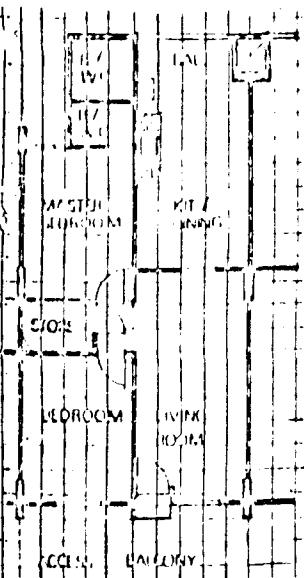
4 - ROOM NEW FLAT
(FLAT SIZE 92.6 sq. m.)



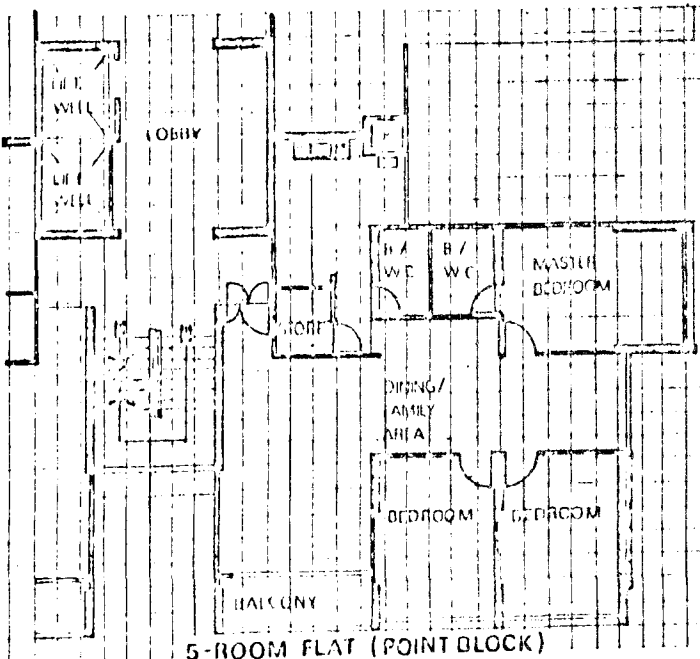
2 - ROOM IMPROVED FLAT
(FLAT SIZE 44.4 sq. m.)



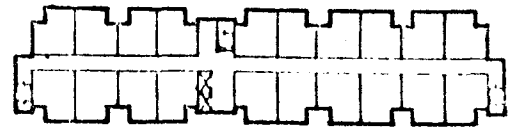
5 - ROOM FLAT
(FLAT SIZE 121.3 sq. m.)



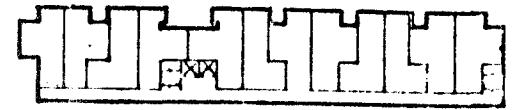
3 - ROOM NEW FLAT
(FLAT SIZE 68.9 sq. m.)



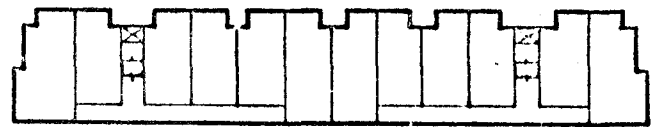
5 - ROOM FLAT (POINT BLOCK)
(FLAT SIZE 120.7 sq. m.)



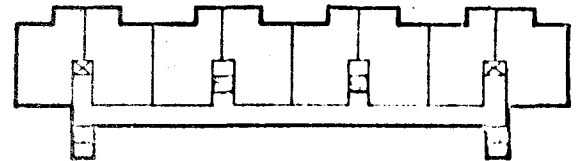
1 - ROOM IMPROVED FLAT



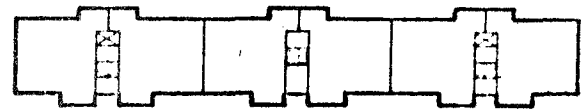
2 - ROOM IMPROVED FLAT



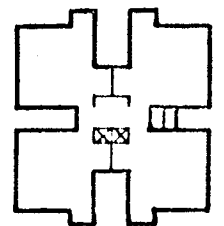
3 - ROOM NEW FLAT



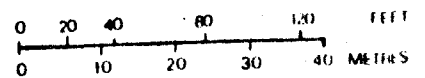
4 - ROOM NEW FLAT



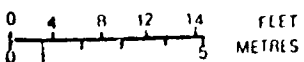
5 - ROOM FLAT



5 - ROOM FLAT
(POINT BLOCK)



TYPICAL BUILDING BLOCK PLANS



**CURRENT PRICE LIST AND INITIAL PAYMENT
FOR 3, 4-ROOM NEW GENERATION FLATS
AND 5-ROOM IMPROVED FLATS
(SUBJECT TO ALTERATION)**

Type of Flats/Estates	Sale Price	Initial Payment	Maximum Loan excl. stamp/ survey fees & legal disburse- ments.	Monthly Conservancy & Service Charges
<u>3-Room New Flat</u> (with common corridor)				
New Town	\$15,800	\$3,200	\$12,600	\$20.00
Suburban	\$17,500	\$3,500	\$14,000	\$20.00
Urban	\$19,500	\$3,900	\$15,600	\$20.00
<u>3-Room New Flat</u> Modified Intermediate (without common corridor)				
New Town	\$17,300	\$4,200	\$13,100	\$20.00
Suburban	\$20,000	\$4,500	\$15,500	\$20.00
Urban	\$22,000	\$4,900	\$17,100	\$20.00
<u>4-Room New Flat</u> (without common corridor)				
New Town	\$24,500	\$4,900	\$19,600	\$25.00
Suburban	\$27,500	\$5,500	\$22,000	\$25.00
Urban	\$32,000	\$6,400	\$25,600	\$25.00
<u>5-Room Improved Flat</u>				
New Town	\$35,000	\$7,000	\$28,000	\$30.00
Suburban	\$40,500	\$8,100	\$32,400	\$30.00
Urban	\$46,000	\$9,200	\$36,800	\$30.00

NOTE:

Prices listed above refer only to flats under the Housing & Development Board's current sale schemes and are subject to alterations.

SCALE OF MONTHLY REPAYMENT OF CAPITAL WITH INTEREST AT 6 $\frac{1}{2}$ %

LOAN	5 YEARS	10 YEARS	15 YEARS	20 YEARS
\$	\$	\$	\$	\$
1,000.00	20.00	12.00	9.00	7.50
2,000.00	40.00	23.00	18.00	15.00
3,000.00	60.00	35.00	27.00	22.50
4,000.00	80.00	46.00	35.00	30.00
5,000.00	100.00	58.00	44.00	37.00
6,000.00	120.00	69.00	52.00	44.50
7,000.00	140.00	81.00	61.00	52.00
8,000.00	160.00	92.00	70.00	59.50
9,000.00	180.00	104.00	79.00	67.00
10,000.00	200.00	115.00	88.00	74.50
11,000.00	220.00	126.00	96.00	81.50
12,000.00	239.00	138.00	105.00	89.00
13,000.00	259.00	149.00	114.00	96.50
14,000.00	279.00	161.00	122.00	104.00
15,000.00	299.00	172.00	131.00	111.50
16,000.00	319.00	184.00	140.00	119.00
17,000.00	339.00	195.00	149.00	126.00
18,000.00	359.00	207.00	157.00	133.50
19,000.00	379.00	218.00	166.00	141.00
20,000.00	399.00	230.00	175.00	148.50
21,000.00	419.00	241.00	184.00	156.00
22,000.00	439.00	252.00	192.00	163.50
23,000.00	459.00	264.00	201.00	171.00
24,000.00	478.00	275.00	210.00	178.00
25,000.00	498.00	287.00	218.00	185.50
26,000.00	518.00	298.00	227.00	193.00
27,000.00	538.00	310.00	236.00	200.50
28,000.00	558.00	321.00	245.00	207.50
29,000.00	578.00	333.00	253.00	215.00
30,000.00	598.00	344.00	262.00	222.50
31,000.00	618.00	356.00	271.00	230.00
32,000.00	638.00	367.00	279.00	237.50
33,000.00	658.00	378.00	288.00	245.00
34,000.00	678.00	390.00	297.00	252.00
35,000.00	698.00	401.00	306.00	259.50
36,000.00	717.00	413.00	314.00	267.00
37,000.00	737.00	424.00	323.00	274.50
38,000.00	757.00	436.00	332.00	282.00
39,000.00	777.00	447.00	341.00	289.50
40,000.00	797.00	459.00	349.00	297.00
41,000.00	817.00	470.00	358.00	304.00
42,000.00	837.00	482.00	367.00	311.50
43,000.00	857.00	493.00	375.00	319.00
44,000.00	877.00	505.00	384.00	326.50
45,000.00	897.00	516.00	393.00	334.00
46,000.00	917.00	527.00	402.00	341.00
47,000.00	937.00	539.00	410.00	348.50
48,000.00	956.00	550.00	419.00	356.00
49,000.00	976.00	562.00	428.00	363.50
50,000.00	996.00	573.00	436.00	371.00

GENERAL NOTE: (1) Upon collection of keys to the purchased premises the purchaser must pay:-
(a) Monthly service and conservancy charges; (b) First monthly instalment towards part payment of the loan
(2) Loans for payment of stamp fees, survey fees, etc. are available.
(3) Property tax payable is to be determined by the Inland Revenue Department.

COOPERATIVE HOUSING IN SRI LANKA

By

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Development,
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and

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National Cooperative Council of Sri Lanka,
Colombo 3 (Sri Lanka)

Introduction

1.1 The Independent Republic of Sri Lanka is an Island of 25,000 square miles in extent situated to the south of the Indian Sub-continent. The population in 1976 was 13.8 million, growing at an annual rate of 1.6%. About 20% of the population live in urban areas whilst the rest live in the rural areas. As in most countries in the Asian region there is a growing exodus to the cities from the rural areas thereby aggravating the already existing problems of housing and employment.

1.2 The economy can be described as an export - import oriented one which is heavily dependent on the production of three agricultural crops viz. Tea, Rubber and Coconuts. Attempts are being made to industrialise and diversify the economy but like most third world countries, Sri Lanka too is baset with unsatisfactory rates of economic growth and chronic balance of payment problems. The per capita income in 1976 was estimated at Rs.883/-. Unemployment is a major problem, with 19.8% or about 984,000 of the labour force being unemployed in 1976.

Housing Situation in Sri Lanka

2.1 The housing problem is of enormous magnitude and this has built up over a time since Independence in 1948 from Colonial rule. A special committee on housing appointed in 1961 showed that there was a back log of 300,000 housing units at the time and estimated that by 1972, about 945,800 housing units would be required, of which about 300,000 would be the needs of the urban areas. It was stated that the annual gap between supply and demand for houses was about 40,000 units.

In 1976, needs in the urban areas was 512,000 and now units needed was put at 244,000. In that year 3.1 million persons or 23% of the population lived in urban areas. It is projected that by 2001 about 5.7 million people or 30% of the population would live in the cities. About 835,000 housing units would be required by that time. With the present rate of house construction of about 20,000 - 25,000 units annually the enormity of the housing problem by the end of the century could be well imagined.

2.2 Three distinct categories associated with different physical and social conditions can be identified in viewing the housing situation - (a) Urban Housing (b) Rural Housing (c) Estate Housing associated with plantations.

In the rural sector there is a shortage of dwelling houses. However the need is of a different complexion from those of urban centres. A certain amount of building dwelling houses is going on. This is seen by the lending activities of Rural Banks of Multi-Purpose Cooperatives. In 1974 - 40% or 11.8 million and in 1975, 42% or 15.9 million of total lendings was for housing, mostly granted for new units and improvements for existing units.

The estate housing is unsatisfactory sometimes described as 'rural slums'. It has devolved on the government to tackle this problem as now most of the plantations are State owned after Land Reforms.

2.3 The problem of housing is more acute in the urban areas in Sri Lanka as in most countries. Emergence of slums, squatter settlements and the attendant squalor and social misery is well known to recount. In the main cities besides, community services and recreational facilities not being available basic needs like pipe borne water and sewerage is lacking.

Cooperative Movement in Sri Lanka

3.1 A brief statement of the development of the Cooperative Movement in Sri Lanka would be appropriate before considering the Housing Cooperatives and their performance. The Cooperative Movement in Sri Lanka has a history of over 65 years. Officially the movement came into being with the enactment of the Cooperative Credit Societies Ordinance No.7 of 1911. The first credit society was registered in 1912. Other types of Cooperative Societies were organised after the enactment of the Cooperative Societies Ordinance of 1921. Upto the Second World War credit cooperatives occupied the fore front of the Movement.

3.2 With the advent of the war and the scarcity of essential consumer commodities the Government encouraged the formation of Consumer Cooperative Stores Societies and by 1945 there were over 4,000 such Societies. With the attainment of Independence in 1948 the government laid emphasis on agricultural production and to assist farmers by way of supplying credit and other inputs, and for marketing of agricultural produce, Cooperative Agricultural Production and Sales societies were formed. By 1957 there were 958 such societies.

3.3 In 1957 the Multipurpose Cooperative Societies were established to carry on the functions of consumer, agricultural production, and marketing and other production activities at village level. There were about 5,000 such societies most were uneconomic units and poorly managed. There were Secondary Level unions formed to service these societies. In 1968 a Royal Commission was appointed to examine the Cooperative Movement and suggest measures for improvement. In 1971 a reorganisation was

affected by which small uneconomic cooperatives were amalgamated and 372 large multipurpose cooperatives were set up. There were expected to be effective organisations, able to take advantage of large scale operations and also build efficient managements and consequently provide an efficient service. A further amalgamation was done in 1976 and the number of societies were reduced to 274 which now account for an annual business turnover of over Rs.2,570 million.

3.4 Cooperative societies have been established for other fields of economic activity such as textile manufacture, small industry, fisheries, etc. The first Cooperative Banking Society was established in 1929, and by 1960 there be 17 such banks. However a State Bank with cooperative share holdings, viz. The People's Bank was established in 1961 and the Cooperative Banks were taken over. The People's Banks one primary objective was "to develop the cooperative movement of Ceylon, Rural Banking and agricultural credit by furnishing financial and other assistance to Cooperative Societies....."

An important development in credit activities was the organising of Rural Banks under the Multipurpose Cooperatives in 1964. In 1975 there were 447 such banks with Rs.72.8 million in Savings deposits. This brief history would show that the cooperative method has long being accepted by the people of Sri Lanka and that the state too has recognised the role of the movement in national development.

Cooperative Housing in Sri Lanka

4.1 The first housing cooperative was registered in 1948 viz. The Jaffna Teachers' and Public Servants Building Society, with a membership of 30 and it borrowed finances from the Jaffna Cooperative Provincial Bank and re-lent to its members. By 1951 there were 11 housing societies which increased to 26 in 1958. There were 1,079 members and the Societies had a paid up share capital of Rs.170,645. In 1971 there were 33 societies which had a membership of 1,407 and a share capital of Rs.233,089.

By 1974 the number of societies was 47 with a share capital of Rs. 310,000. This goes to show that the Housing Cooperative has not taken root with the people. Most societies were inactive, what were functioning obtained their finances from the Housing Loan Board (established in 1946). Cooperative Banks, and a few instances from the People's Bank. Building land was obtained by private sale or acquired under the Land Acquisition Ordinance by Government. Most were of the terminating type of society and a significant feature is that these societies were formed to meet the needs of middle class salaried employees of Government. Though the record of most societies was not encouraging successful ventures were seen. One such society often quoted is the Kiribathgoda Cooperative Housing Society, for Government employees. Performance had been exemplary and the society had been able to construct 105 houses, at almost one a day and also effect a saving of over 50% on the total cost of the houses, by adopting the cooperative way in procurement of material and in construction which had been done by a Builders Cooperative Society.

4.2 The Department of National Housing was set up in 1954 by Government for development housing. After this Cooperative Housing received a set back because this department recognised groups of over two persons as a building society and helped them to acquire land and provided them with loans for house construction, thereafter these "societies" ceased to exist. No special assistance was given to Cooperative Housing Societies, nor were their formation encouraged.

4.3 After the Regional Seminar on the Development of Housing Cooperatives in South-East Asia in 1970, a Seminar was held in 1971 with the following objectives.

- a) To review the housing situation in Sri Lanka in general and cooperative housing in particular.
- b) To identify the problems in establishing and developing housing cooperatives.

- c) To formulate an action programme for the development of cooperative housing during the societies.

The recommendations of the seminar to summarise were :-

1. That government should give high priority to development of housing and increase allocation of financial resources and cooperatives should be given an active role in implementation of the National Housing Plan.
2. Educate the public, to create an awareness of the advantages of house ownership through Cooperative Housing.
3. Formation of a National Level Housing Development Society, to function as a spokesman for Cooperative Housing, assist in the formation of societies provide other assistance for their development.
4. Find ways and means of raising finance for investment in housing from within and outside the Cooperative Movement.
5. Commence a pilot housing project, where prospect for success was very good so that idea of Cooperative Housing would catch on.

5.1 In retrospect it is rather disheartening to note there has been hardly any development in the sphere of cooperative housing. A National Cooperative Housing Development Society was founded in 1971 but it could not make any headway. The housing cooperatives are faced with many problems some of which are :-

1. Prospective House builders in most cases have been unable to effect sufficient savings due to general inflationary conditions.
2. Difficulties in obtaining suitable land with clear title acceptable to lending institutions.

3. Difficulties in getting building material.
4. The inability to obtain necessary finance - this has been the vital problem as no organisation has been willing to provide long term finance for housing for the housing cooperatives.

A mention must be made of the Government's attitude to cooperative housing, policy declarations have been made from time to time, to help cooperative housing. In 1952 the Government Sub-Committee on housing recommended :

- a) Formation of Cooperative Housing Societies.
- b) Provision of long term finance from Housing Loan Board to Cooperatives.
- c) Formation of Cooperative House Construction Societies.
- d) Provision of funds to start a Cooperative housing project for low income groups on Colombo.

5.2 The Five Year Plan 1972 - 1976 stated a Prospective house builders will be encouraged to organise their land acquisition and building activity in Cooperative Societies... There has however been an absence of a consistent National Housing policy where the central Government, Local Government, authority, lending institutions, Cooperatives and private developers were involved in a coordination programme. It appears that housing has been considered a social overhead so that lesser priority has been given in resource allocation, though housing could generate enormous economic activity and generate employment.

5.3 The development of Cooperative Housing needs the harnessing of the strength within the Cooperative Movement in Sri Lanka. The education of prospective members, formation of housing societies, in themselves are not insurmountable problems. Action state assistance, together with existing strengths and possibilities of the cooperative movement in marshalling the needed finances, skills and resources available, have to be used purposefully to build the needed houses by the people.

Background Paper : THAILAND

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COOPERATIVE HOUSING IN THAILAND

By

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Presented at the

Regional Seminar on the "Development of Cooperative
Housing", Philippines : 10 - 30 November, 1977

in collaboration with

Cooperative Insurance System of the Philippines, Inc.,
300 de la Merced (Delta) Building, West Avenue,
Quezon City, Philippines.

and

International Cooperative Alliance Regional Office
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COOPERATIVE HOUSING IN THAILAND

By

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Thailand.

Background

There is only one housing cooperative with 3,000 members in Thailand named the Bangkok Cooperative Housing Society Limited. It was founded in 1968. This organisation functioned as non-profit housing society, has seven projects to build about 2,900 dwelling units.

The Thai government has not paid attention to the cooperative housing promotion and has unfavourable attitude toward the cooperative. Neither governmental direct nor indirect supports has given to the cooperative, therefore cooperative housing in Thailand is isolated effort and slow in development. The cooperative has limited itself to solving the housing problems particularly for low income groups and middle income groups.

Lack of suitable machinery and a programme for promotion of housing cooperative, inadequate financial resources and scarcity of land and building material are the main difficulties faced by the Bangkok Cooperative Housing Society.

To solve the housing shortage at the national level, there is the predominance role of government to control over housing policy in Thailand. The National Housing Authority therefore has been established to provide houses for low income groups with full received government supports to promote housing plans. But it is observed that governmental efforts alone cannot prove sufficient for the purpose. Private sector therefore should be encouraged as possible way in solving the housing problems.

sufficient for the purpose. Private sector therefore should be encouraged as possible way in solving the housing problems.

Type of cooperative housing

The Bangkok Cooperative Housing Society Limited is a permanent type of the cooperative in which the members are transferred the right to acquire dwellings. First the cooperative establishes houses through building contractors by using funds raised from members and loans from outside sources. Then the houses have to be handed over to members after having paid the full price of the houses by instalments. In this situation the members of the cooperative remain absolutely the permanent owners of the building.

Financial needs

The most serious problem in housing for low income groups is lacking of finance, other elements are inflation, high rate of interest, sharp increasing in cost of housing project and building materials, land scarcity and a shortage of specialized personnels in the field of estate management and administration.

The Bangkok Cooperative Housing Society Limited is now facing the financial crisis. Many housing projects cannot be done because of lacking money. The cooperative hence cannot be expected to build houses for low income group who need to obtain cheap land and housing loans on more favourable terms.

We can say that the government of Thailand doesn't accept non-profit housing implicitly in his housing policies and has not provided any special aids for housing through the cooperative. The only one government financial institution for housing in Thailand is the Government Housing Bank which provides loans to individuals for housing construction. The maximum loan offers per house is ฿ 300,000 (\$15,000) repayable within a maximum of 15 years at 12 per cent interest. (long-term loans and low-interest). Other sources of finance are commercial banks and private

financial institutions which give loans for only short-term period with high rate of interest and prefer to deal with middle - high income groups.

Owing to the lack of adequate subsidy mechanism, the mainly lower - income groups should be received direct supports from the government through low - interest and long-term loans. Since actual high rates of interest do not respond to the objectives of providing low cost housing, other private sectors than will operate housing projects for the middle and high - income groups, so that they will not take too much burden on their finance. However to solve the housing crisis in Thailand financial assistance is still a priority need, particularly long-term loans with low-interest. Generally interest rates are rather high in the money market, suggested way in which the Thai government may provide financial assistance for the cooperative housing by :-

- a) giving subsidies to the cooperative covering part of the interest burden on the loan.
- b) government guarantees loans obtained through the money market.

Educational programmes within the society

Cooperative Housing in Thailand is not so popular because the people have no idea in organising such associations. Better cooperative education of leaders and future members is therefore needed. It is especially necessary also to explain the advantages of cooperative ownership. However the Bangkok Cooperative Housing Society Limited plans to have its own programmes for training personnel working in the cooperative housing societies. Fund is reserved every year for this purpose. While the Cooperative League of Thailand has provided education programmes and technical assistance.

Summary of Cooperative Housing in Thailand

The Bangkok Cooperative Housing Society Limited is the only one housing cooperative in Thailand with 3,000 members. The cooperative was first introduced in Thailand by Sir Bernard Hunter in 1914. Later the Bangkok Cooperative Housing Society was founded in 1966. This organisation functioned as non-profit housing society, has seven projects to build about 2,900 dwelling units.

The Bangkok Cooperative Housing Society is a permanent type of the cooperative in which the members are transferred the right to acquire dwellings. First the cooperative establishes houses through building contractors by using funds raised from members and loans from outside sources. After the members have paid the full price of houses by cash or instalments, then the houses have to be handed over to them with the absolutely permanent owners of the building.

At the national level, the National Housing Authority has been established to solve the housing shortage and to control over housing policies in Thailand without accepting non-profit housing implicitly in his housing policies, and has not provided any financial aids for housing through the cooperative.

The Bangkok Cooperative Housing Society, therefore is facing the severe shortage of finance, land scarcity and shortage of specialized personnels in the field of estate management and administration.

A/15101977

REGIONAL SEMINAR ON THE DEVELOPMENT OF
COOPERATIVE HOUSING
PHILIPPINES

10th - 30th November, 1977

1. Identify the problems faced by the Housing Cooperatives.
2. Suitability of Swedish pattern of Housing Cooperatives.
 - a. Is it adaptable?
What amendments are necessary?
 - b. What activities can be included?
3. What role can government and international agencies like ICHDA play?
 - a. What special steps can cooperatives take to promote housing among low-income groups?
4. Problems faced by housing cooperatives in observing the cooperative principles.
5.
 - a. Discuss the suitability of different types of cooperative housing.
 - b. Discuss the role of the apex organization.

November 18, 1977

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REGIONAL SEMINAR ON THE DEVELOPMENT OF COOPERATIVE HOUSING

P H I L I P I N E S

10th - 30th November 1977

GROUP I

Chairman : Mr. Antonio G. Manikan (Philippines)
Rapporteur : Mr. D. G. Premachandra (Sri Lanka)
Mr. Quazi Abdus Salam (Bangladesh)
Mr. H. K. Kumara Swamy (India)
Mr. Syed Bin Mohamed Azman (Malaysia)
Mr. Nicanor R. Santos (Philippines)
Mr. Reynaldo B. Balatbat (Philippines)
Mr. Xavier Samy (Singapore)
Mr. Jose Gonzaga (Philippines)
Mr. Publio Tibi Jr. (Philippines)

A. IDENTIFY THE PROBLEMS FACED BY THE COOPERATIVE HOUSING

- i) The scarcity and high cost of land in the urban areas for housing purposes is a major problem, so that high rise buildings have to be resorted to.
- ii) Difficulties of obtaining finance for the purchase of land and for the construction of houses.
- iii) Non-availability and the high costs of building materials.
- iv) Lack of managerial, professional and technical expertise and where these services are available the costs are high.
- v) Administrative difficulties and delays.
- vi) Unsatisfactory provisions and non-availability of utility services.
- vii) Existing legal framework, are not conducive to Cooperative Housing so that more favorable legal provisions should be made available at state and municipal levels.

viii) Lack of educational facilities.

ix) Lack of adequate support and initiative from state authorities to promote a new favorable climate.

B. RURAL HOUSING PROBLEMS

i) Not enough attention has been paid by Government.

ii) Need for organizing housing cooperatives in rural areas.

iii) Need for more finance for rural cooperatives.

iv) Unavailability of a local building materials for the construction of houses.

v) Government should provide preferential conditions of giving land to the landless.

vi) Maximum use of self-help methods of house construction.

C. SUITABILITY OF SWEDISH PATTERN OF HOUSING COOPERATIVES

It is considered that the general structure of the Swedish pattern of Housing Cooperatives is acceptable and adaptable with certain modifications. One such modification being the initiative for organizing or affiliation of primary level housing cooperatives and acceptance of members should come from the primary level itself and not from the secondary level society as is seen in the local HSB Society.

D. WHAT SPECIAL STEPS CAN COOPERATIVES TAKE TO PROMOTE HOUSING AMONG LOW-INCOME GROUPS.

1) Induce Governments interest to use Cooperative as a means of procuring low cost housing for the low-income groups.

2) Observe the Principle of "open membership".

3) Reduce the value of one share to be deposited.

4) Promote and encourage formation of more Housing Cooperatives for the low-income group initiated by themselves.

- 5) In the allocation of funds by the cooperative housing societies, special consideration should be paid to make available more funds for housing for low-income groups.
- 6) A lower rate of interest should be charged to the low-income groups as compared to higher income groups.
- 7) Longer periods of repayment should be provided for low-income groups.

E.a) ROLE OF GOVERNMENT IN HOUSING LOW-INCOME GROUPS

- i) The government should provide housing sites at a nominal cost and give preferential considerations to Housing Cooperatives in the allocation of state owned and/or acquired lands.
- ii) Provide funds for loaning purposes at low rates of interests and also subsidise housing cooperatives to build low-cost housing projects for the low-income groups.
- iii) Government Revolving fund should be maintained to finance cooperative housing societies through the apex level housing organization.
- iv) Government should subsidise Housing Cooperatives by providing managerial expertise on a receding basis.
- v) In view of the housing shortage, laws relating to density controls for low income housing should be suitably amended so as to allow more units to be constructed.

b) ROLE OF INTERNATIONAL AGENCIES

- 1) International agencies should start pilot projects in developing countries funded by them which when completed, the finances can be used as a revolving

fund for other projects. International assistance should be channelled through Government or Apex organization of the countries concerned.

- ii) Governments should invite the attention of World Financing Organizations to provide equal attention to finances low-cost housing at favorable rates of interests and periods of repayment.

F. PROBLEMS FACED BY HOUSING COOPERATIVES IN OBSERVING THE COOPERATIVE PRINCIPLES

We are of the view that there are generally no problems in observing cooperative principles, however, following exception is noted.

The voluntary services rendered by members of housing cooperatives must be augmented by full time paid staff to look after the administrative work of the society.

G.a) DISCUSS THE SUITABILITY OF DIFFERENT TYPES OF COOPERATIVE HOUSING.

We are of the view that the permanent type of Cooperative Housing Societies are the most suitable. This includes both types of permanent housing cooperatives, viz. co-ownership and individual ownership types. It is essential that when a housing project is completed, maintenance of the houses and other services required by the community living together should be provided.

b) DISCUSS THE ROLE OF THE APEX ORGANIZATION

- i) The apex organization should provide primary societies with assistance in financing, legal matters, technical services, and also in the procurement of building

materials. It also should provide general guidance and advice in the administration of primary societies.

- ii) It should act as the channel through which funds are made available to primary societies and also solicit for funds from state and financing organizations. It should work to obtain the commitment of government to guarantee when the Apex Society floats Debentures and loans for Cooperative Housing Societies.
- iii) It should be its responsibilities to undertake continuous education of members in the cooperative housing societies from primary level to Apex level.
- iv) It should serve as a liaison between Primary Housing Societies and Government or non-Government agencies.

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REGIONAL SEMINAR ON THE DEVELOPMENT OF COOPERATIVE HOUSING
PHILIPPINES
10th - 30th November 1977

GROUP II

Chairman : Mr. Dyneshwar R. Khaire (India)
Secretary : Miss Leonor Luna (Philippines)
Members : Mr. A.H.M. Shafiqul Mowla (Bangladesh)
Mr. Don Rustico Badilla, Jr. (Philippines)
Mr. Victor Rodriguez Sr. (Philippines)
Mr. Rodolfo Cajucom (Philippines)
Mr. Markandu Kanapathippillai (Singapore)
Mr. S.H. Uluwatta, (Sri Lanka)
Capt. Pibulsak Boonchoochuay RTN (Thailand)

The Group discussed intensively the problems faced by the housing cooperatives of the countries of this region. And the Group unanimously agreed that they have more or less similar problems as follows:

1. Financial problem - Housing cooperatives are faced with very limited financial resources both from savings of members and from financial assistance from funding agencies.
2. Land is scarce in most of the cities of the countries of this region - Where as the dwellings of the cities are rapidly increasing with the influx of rural uprooted population thus creating a more constraints on available urban lands. As a result cost of land has increased beyond the reached of the vast majority of the population.
3. The meager income of the people in the rural areas - does not generate adequate savings and capital for developing housing thru cooperatives.

4. Increasing cost and non-availability of building materials - in most of the countries of this region stand in the way of development of sometimes functioning of the cooperative housing activities.
5. Lack of Management and Technical Expertise in housing cooperatives - and high cost of these services when available - create obstacles in the growth of housing cooperatives.
6. Inadequate of cooperative promotional activities and lack of social consciousness among the population of this region also to a great extent retards the progressive development of cooperative housing.
7. Due to absence of definite coordinating body and specific structure in the field of housing cooperatives in some of the countries of this region. Housing cooperatives cannot function effectively.
8. Though cooperatives have long traditions in this region still they suffers from many weaknesses due to failures to build up well educated and dedicated cooperative cadres and viable cooperative societies which are equally limiting the development of the housing cooperatives.
9. Moreover, in some countries, government policies do not facilitate the activities and development of housing cooperatives.

II & V As regards the suitability of the Swedish pattern of housing cooperatives, the Group discussed at large and felt it all that the HSB pattern which Sweden has developed based on its own

socio-economic conditions as well as geographical and demographic considerations is not suitable to the South East Asian region due to:

- (a) vastness, growth and density of population;
- (b) socio-economic level of development of the countries; and
- (c) the cultural and political situation in each country.

The Group after due consideration of existing patterns of structures and types of cooperatives in each country, recognizes that the pattern of housing cooperatives should be in conformity with the structures of other sectors of cooperatives that are presently functioning in each country. Thus the housing cooperatives should have Primary housing societies organized along specific area of operation with membership open to all who intend to reside in the area. In this area, there maybe more than one housing primary societies. The primary societies in a particular region, district or state may form a secondary or intermediate structure which will have liaison and coordinating functions between the primary societies and the apex organization on the national level. Each country will have only one apex organization of the housing cooperatives which will perform the following functions:

- a) as financing agency to the primary housing societies;
- b) as policy-making and advisory body;
- c) as a liaison between the government and the housing cooperatives, as well as between the funding agencies and the cooperatives;
- d) as an education agency for the promotion and organization of housing cooperatives and training of managerial cadres.

The Group discussed the existing types of housing cooperatives prevailing in the region and found that in one respect permanent type of housing society is common to all the countries, but in respect to ownership, both co-ownership of land and individual ownership of land and house/flat exist. Therefore the group recommends for the permanent type of housing cooperatives in general. And in respect to ownership of property, the co-ownership of land is best suited to the conditions and needs of the population of this region.

III. The Group agrees that special attention be given to promote housing cooperatives among the low-income groups and economically weaker section of society. But at the same time it also feels that this is a difficult task because of the cooperatives' very limited resources and scope - realizing the social dimension of cooperatives and the responsibility of developing cooperatives as a way of life, the Group recommends that the housing cooperatives secondary and apex organizations should come forward -

- a) in the organization of housing among the low-income section of the population;
- b) provide technical and advisory services;
- c) secure financial assistance from government and other funding agencies; and
- d) advocate the people's cause for better housing conditions.

In this regard, the government should assist these cooperatives housing activities by providing financial assistance

and other government services either to improve existing slums/squatters areas or arrange for proper resettlement of the people when necessary. Part of government assistance for housing should be channelled thru housing cooperative societies to maximize the pooling of resources of both the people and the government in meeting the housing needs of the community.

International agencies such as ICHDA should undertake pilot projects for economically backward classes in each country but these projects should be coursed thru the cooperative movement or apex organization of the housing cooperatives in each country.

IV. The Group looked into the prevailing practices, viz: the cooperative principles in the countries of the region and observed that the political, economic and social situations interfere to some extent in the democratic functioning of the cooperative.

The speculation and profit motivations of some members of the societies limit the fair practices in the cooperative activities. Thus the Group urges that the cooperative movements in each country in the region and the International Cooperative Alliance maximize their effort to develop the people's level of consciousness to the cooperative ideology.

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REGIONAL SEMINAR ON THE DEVELOPMENT OF COOPERATIVE HOUSING
PHILIPPINES

10th - 30th November 1977

GROUP III

Chairman : Mr. K. Vickramasingam (Malaysia)
Secretary : Mr. Neoh Teik Hong (Singapore)
Members : Mr. Md. Shafiulla Patwary (Bangladesh)
 : Mr. Pesto Labis (Philippines)
 : Mr. Mariano S. Noriel (Philippines)
 : Mrs. Perla Sarmiento (Philippines)
 : Mrs. Manit Kamolvej (Thailand)

The Group discussed the question in details taking into account the number of dis-similarities in the region represented and their findings are as follows:

1. Finance: Lack of adequate finance to meet the needs of the cooperative housing societies. The prevailing rate of interest is also high and the repayment period is too short.
2. Organization: Lack of Apex Organizations in some countries has affected the growth and development of Cooperative Housing Societies
3. Land: Scarcity and high cost of land.
4. High Cost of Building Materials: Due to high cost of building materials, the prices cannot be kept within the financial limit of the members.
5. Lack of Technical Expertise: Because of the shortage of technical expertise and high cost of their services, the Co-operative Housing Societies cannot afford to get their services at a normal price.

6. Education and Trainings: Due to lack of education and training facilities in the field of cooperative housing has not been able to produce personnel in housing cooperatives.
7. Lack of clear cut Policy of the Government - in regard to Cooperative Housing: The Government has been giving low priority to Cooperative Housing
8. Administrative delays: The long and cumbersome procedures for obtaining approvals on conversion of lands, layouts, sub-divisions and issue of titles increase the cost of completed houses.
9. Density: Enforcement of density control results in number of houses being built.
10. Zoning: Lack of Master Plan.

- No. 2 (a) The different countries in this region have already developed a system in different fields of cooperatives. Our pattern of cooperatives starts from the primary level to central and the apex level. And the problem face by these cooperatives housing is as per paragraph 1
- The Swedish pattern of cooperatives housing societies is heavily financed by their Municipality/ Local Government which is wanting in this region. Besides this system has been evolved in circumstances which is completely quite different from this region. Suitability of Swedish pattern of housing cooperatives is adaptable but the following amendments are necessary:-
- a. That the cooperatives begin in the Primary level.

- b. If the finances of the Government is channelled to cooperatives as in Sweden.
- c. The technical expertise must be a common one.
- d. Members should be involved in planning of their houses.
- e. There must be age limit to non-resident member.

No. 2 (b)

- 1. Avoid the duplication of membership.
- 2. To provide service - facilities, such as, sewerage, cleaning, etc. for the better conveniences for the members.
- 3. It's difficult to define the low-income groups as they vary from country to country and these groups are not in the position to put up houses to get a decent living - their basic needs are food, shelter, health education, etc. The low-income groups include landless people in many countries.

ROLE OF COOPERATIVES:

- 1. To encourage savings.
- 2. To encourage self-help activities.
- 3. To educate them to play an important role in their societies.
- 4. To re-allocate/re-settle them in better living conditions.
- 5. To provide low cost housing within their means.

ROLE OF THE GOVERNMENT:

- 1. To subsidize long term loan with low interest.
- 2. The finance should be channelled direct to

the Cooperative Housing Society.

3. Provision/Acquisition of land make available to societies.
4. To minimize administrative procedures.
5. Relaxation on taxes.

ROLE OF INTERNATIONAL AGENCIES:

1. To provide technical assistance.
2. Assistance in securing sources of finances.
3. To seek avenues with United Nations agencies to help cooperative societies in this region.

No. 4 There is no problem in this respect.

No. 5 a. Co-ownership and individual ownership are suitable for this region.

b. Role of Apex Organization:

To provide:

1. Technical assistance and Advisory services.
2. Finance
3. Education and Training
4. Coordination
5. Integration

To formulate cooperative laws and related legislations.

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22 November 1977

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REGIONAL SEMINAR ON THE "DEVELOPMENT OF COOPERATIVE HOUSING", Philippines : 10-29 November, 1977

GROUP WORK

REPORT II

1. Education

Suggest the pattern of Education and Cooperative Training for housing cooperatives.

2. Savings

Suggest methods of savings for creating resources for housing cooperatives.

3. Finance

Suggest an institutional structure for financing housing cooperatives and the state assistance needed.

REGIONAL SEMINAR ON THE DEVELOPMENT OF COOPERATIVE HOUSING

P H I L I P P I N E S

10th - 30th November 1977

WORKSHOP II

GROUP I

Chairman : Antonio G. Manikan (Philippines)
 Secretary : Syed Azman Bin Mohamed (Malaysia)
 Members : Mr. D.G. Premachandra (Sri Lanka)
 Mr. Quazi Abdus Salam (Bangladesh)
 Mr. H.K. Kumara Swamy (India)
 Mr. Nicanor R. Santos (Philippines)
 Mr. Reynaldo Balatbat (Philippines)
 Mr. Xavier Samy (Singapore)
 Mr. Jose Gonzaga (Philippines)
 Mr. Publio Tibi, Jr. (Philippines)

1. Pattern of Education and Cooperative Training:

The whole pattern of Education should be geared to accommodate all structures of cooperative movement, namely from the pre-membership, members, staff management, Government Officials and the Public connected with cooperative works.

General Education and Cooperation1. Pre-membership

An orientation of the objectives, responsibilities and obligation of the potential members should be conducted.

11. Members

A deeper orientation and continuous education of the members should be pursued with a view to understand the legal obligation

and socio-economic responsibilities of the members through the bye-laws, pamphlets, audio visual aids by means of a seminar, Conference and Dialogues sessions.

111. Staff

Workshops, seminars and in-service training should be conducted with a view to acquaint themselves with the responsibilities of maintaining administrative and accounting functions. To maintain liason between the Society and the members financing agencies and relevant Government Department.

IV. Management

Exposure to seminar and conferences regarding governmental housing policy like land, financing, Engineering Architectural designs and other relevant matters.

V. Government Official

Motivate Government Officials by acquainting them with cooperative undertakings and problems.

Government officials concerned should also be trained.

Public

Motivation through mass media by

civic and social Organizations with a view to promote deeper understanding and consciousness of cooperative undertakings.

2. Methods of Savings

1) Housing fund - Setting aside a certain portion of the monthly income of member for the above fund as part of a normal monthly expenditure.

2) Special Fixed Deposit

Encourage the creation of a Fixed Deposit from amongst prospective house owners with a view to utilizing the initial deposit required for the construction of the house of the new member

3) Loan with a built in Saving

A borrower shall be required to pay an additional fixed sum of money to the Society toward the creation of a Deposit.

3. 1.

An institutional structure for financing housing cooperatives could be achieved by the creation of an Apex Cooperative Financing Agency in order to tap and to mobilize the finance for the utilisation of the housing programme in a cooperative sector. 2) The member primary cooperative society should pool their resources in this organization.

3) This Apex organization should tap all

available resources and float loans from the Government, Commercial banks, Insurance companies, etc. 4) The concerned State Government shall provide guarantee for the loan floated by the Apex organization. 5) The Apex organization shall also mobilize and tap all available resources to obtain deposits. 6) The State Government shall create a revolving fund with the Apex Cooperative Organisation for the utilisation of the housing project by the housing cooperatives. 7) The State Government adopt and support the policy of second and subsequent mortgages with the completed project as a collateral. 8) The State Government shall provide incentives such as tax exemption to a primary housing society which meets the requirements of a socialized housing generally for the low-income group. 9) The State Government shall provide tax exemptions to cooperative Apex organisation on the accrued accumulation of fund or assets. 10) The State Government shall provide tax exemption on all assets and fund of a cooperative society that have been generated or accumulated from the utilisation of Government subsidies or grants.

11) All repayments due and payable to the Government arising out of a loan granted by the State Government shall be remitted to a Revolving Fund.

The State Government shall allocate annually a certain portion of its budget to be made available for the utilisation of housing projects by cooperative society.

c) Loan with a built in Saving

A borrower of a fixed sum of money shall be required to pay an additional sum to the Society toward the creation of a deposit.

November 22, 1977

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REGIONAL SEMINAR ON THE DEVELOPMENT OF COOPERATIVE HOUSING

PHILIPPINES

10th - 30th November 1977

WORKSHOP II

GROUP III REPORT

Chairman : Mr. A.H.M. Shafiqul Kowin (Bangladesh)
Secretary : Mr. Markandu Kanupathippillai (Singapore)
Members : Miss Leonor Luna (Philippines)
Mr. Don Rustico Budilla, Jr. (Philippines)
Mr. Victor Rodriguez, Sr. (Philippines)
Mr. Rodolfo Cajucom (Philippines)
Mr. S.H. Uluwatta (Sri Lanka)
Capt. Pibulsak Boonchoochun (Thailand)
Mr. Dyneshwar R. Khair (India)

The Group suggests that the pattern of cooperative education should cover:

- a) Pre-membership
- b) Membership
- c) Leaders

These groups to be educated on:

- 1) Principles and Practices of Cooperatives.
- 2) Education on the Rules and Bye-laws of the primary societies.
- 3) Group dynamics for community building.
- 4) Skills training for economic productivity of members.
- 5) Leadership and management training.

Cooperative Training

Paid staffs and voluntary staffs should undergo the following training as needed:

- 1) Bookkeeping
- 2) Auditing
- 3) Reporting

It is generally agreed that the cooperative education should

be a continuous process starting from primary societies to the National (Apex) level. The Primary Societies should cover pre-membership and membership of general co-operative education. The secondary body could cover all cooperative education in general with special attention to the housing co-operatives in a more intensive way. And the national organisation could specialise on specific training, research, case studies, etc. and it should have special training centers/ co-operative colleges. The ICA also could assist the cooperatives in this respect. The Cooperative Education can be extended to the public, at large, through publications, T.V., radio programmes and through other mass media. The educational institutions could play a vital role in imparting cooperative education by inclusion of this subject in the national curriculum from the primary to university levels.

Savings

Savings can be generated for housing activities in the following manner:

- a) Persons with fixed income will save certain percentage of their income on the basis of the bye-laws agreed by members.
- b) Persons having no fixed income could save up to a limit within a required period of time to acquire a house. This may be the minimum requirement. However, he shall continue to save.
- c) A successfully completed cooperative housing scheme could be an attraction for non-members to join in and save for a house in the future projects.
- d) Financial institutions could promote savings for housing by floating bonds, issuing saving certificates in collaboration with Government or National Bank.
- e) Opening up of savings account by parents in the name of their children.

- f) Credit unions and multi-purpose cooperatives can generate savings from its members for housing activities.
- g) Young people on beginning to earn could commence savings for a house with a Housing Cooperative on a financial institution specially designed to finance cooperative housing projects. This form of savings will be continuous.
- h) Commercial Banks in each country can earmark a certain percentage of their loan operation especially for financing housing cooperatives. This should be channelled through the National Cooperative Bank.

Financing

The Group after due consideration on the structure of financial institutions on Co-operative Housing that exist in some of the countries of this region, recommends that there should be a National Co-operative Bank for financing the Housing Co-operatives in each country.

In case there exists a National Co-operative Bank in any country, it can start a separate department for financing Housing Co-operative sector. This bank will either have branches on member societies in the Intermediate level to render services to the Primary Housing Cooperative Societies or individual members by processing the loan applications and other formalities. And also to mobilise savings from members and general public.

The Government shall assist in the formation of this Co-operative Bank by taking shares of not more than 49% of its initial capital and the remaining 51% of the share capital purchased by the Primary Societies.

This bank will mobilise resources for financing the Co-operative Housing by:

- a) Savings from members and general public.
- b) By floating of debentures and by issuing of saving certificates for Co-operative Housing in collaboration with the National Bank/State Bank and the Government.
- c) By arranging funds from specialised financial institutions.
- d) With regular allocation of funds from the government as may be appropriate by it on its yearly budget.
- e) It shall require also the commercial banks to allocate a certain percent of its loaning amount of which will be channelled through the National Co-operative Bank for Co-operative Housing.
- f) Resources from International Funding Agencies.

This National Co-operative Bank will act as the Financier for all Co-operative Housing in the country and all finances for this purpose must be channelled through it.

The National Co-operative Bank will channel its funds through intermediary member banks or branches to the Primary Housing Co-operatives,

November 22, 1977

REGIONAL SEMINAR ON THE DEVELOPMENT OF COOPERATIVE HOUSING

PHILIPPINES

10th - 30th November 1977

WORKSHOP II

GROUP III REPORT

Chairman : Mr. Pesto Labis (Philippines)
 Secretary : Mr. Md. Shafiullah Patwary (Bangladesh)
 Members : Mr. K. Vickramasingam (Malaysia)
 Mr. Neoh Teik Hong (Singapore)
 Mr. Mariano S. Noriel (Philippines)
 Mrs. Perla Sarmiento (Philippines)
 Mrs. Manit Kamolvej (Thailand)

The group discussed the question in detail and decided that the subject be approached in the following order:

Education and Training for whom: - It was the opinion of the group that education be generated from low bottom to the highest hierarchy of the organization, and the classification is as follows:

- 1) Pre-membership
- 2) Members
- 3) Officials
- 4) Staff and employees

Pre-membership: The objectives of the pre-membership education is to make them realise the:

- 1) Importance of joining housing cooperatives
- 2) Joining in groups for joint-action.
- 3) Self-help activities

Members: - Education and Training to be on the following:

- 1) Cooperative principles and practices
- 2) Constitution and By-laws of the society.

- 3) Duties and responsibilities
- 4) Rights and privileges
- 5) How to live as a community
- 6) Maintenance of their houses and self reliant activities
- 7) Why Internal Audit is necessary

Officials: - Elected members of the Committee

- 1) Laws relating to cooperatives
- 2) Planning
- 3) Management
- 4) Communications
- 5) Human relations
- 6) Leadership training
- 7) Methods and technique of raising funds

Staff and Employees: -

- 1) Knowledge of bookkeeping and accounting
- 2) Knowledge of practices and policies of cooperatives
- 3) By-laws of the society
- 4) Public relations

Savings: -

- 1) Motivation to save by means of education.
- 2) To encourage savings by giving incentives.

- 3) Mobilize resources from other credit societies.
- 4) Attempt to enroll more members and to encourage them to purchase more shares.

Finance: -

- 1) National Cooperative Housing or where there is no national or apex organization, finance should be channelled direct to the cooperative housing.
-

24 November 1977

REGIONAL SEMINAR ON THE "DEVELOPMENT OF COOPERATIVE
HOUSING", Philippines : 10-29 November 1977

WORKSHOP III

GROUP WORK

1. Side Activities

Please discuss various side activities that can be undertaken by housing cooperatives and suitable methods of undertaking them.

2. Government Role

What are the assistances that can be rendered by Governments to housing cooperatives.

REGIONAL SEMINAR ON THE DEVELOPMENT OF COOPERATIVE HOUSING

P H I L I P P I N E S

10th - 30th November : 1977

WORKSHOP III

GROUP I

Chairman : Mr. H.K. Kumara Swamy (India)
 Secretary : Mr. Reynaldo Balatbat (Philippines)
 Members : Mr. Antonio G. Manikan (Philippines)
 Mr. Syed Azman Bin Mohamed (Malaysia)
 Mr. D.G. Premachandra (Sri Lanka)
 Mr. Quazi Abdus Salam (Bangladesh)
 Mr. Nicanor R. Santos (Philippines)
 Mr. Xavier Samy (Singapore)
 Mr. Jose Gonzaga (Philippines)
 Mr. Publico Tibi, Jr. (Philippines)

I SIDE ACTIVITIES

As the main aim of the housing cooperatives is to build up a progressive community, the group was of the opinion that it was necessary that the cooperative should not only encourage themselves in providing decent accommodation but they should also endeavor to undertake ancillary and side activities, which would help to provide a decent environment, basic communities, healthy cultural and social life. In this context the group was of the opinion that the housing cooperative may undertake any or all of the following activities depending upon the needs of their members and resources at their disposal.

- a. Maintenance of common facilities, light, electricity, water passage, common grounds, environmental hygiene, garbage disposal.

- b. Furnishing and renovation and supply of equipments.
- c. Subsidiary/auxiliary services common laundry facilities (floor polishers, washing machines)
- d. Shopping facilities and consumer centers.
- e. Educational facilities, library, schools.
- f. Community centers recreational parks playgrounds and other recreational activities.
- g. Provision for economic activities, cottage industries, handicrafts sewing and embroidery.

Whenever the housing cooperative are economically strong and viable the society may undertake the activities mentioned above directly under its supervision and control. Where it is not so, the society will help its members to get these facilities through the organized agencies specialized in such activities.

II GOVERNMENT ROLE

State governments has accepted the cooperatives as an instrument of utilizing local initiative and popular participation in the developmental activities. In view of this recognition, the group is of the opinion that the government should recognize the housing cooperatives as their trusted agencies for the implementation of their social housing programs. And therefore, government should encourage organization of housing cooperatives on a large scale and provide them with necessary infrastructure and resources. The assistance that the govern-

ment should render are on the following:

- 1) Organize housing cooperatives
- 2) Supply of resources by way of share contribution
- 3) Supply of land
- 4) Provision of loans
- 5) Guaranteeing loans and debentures
- 6) Subsidy and grants
- 7) Subsidizing the rate of interests on loans to low-income group and economically weaker section of the society.
- 8) Incentive by way of tax exemption and remission in stamp duties and registration fees, etc.
- 9) Representation to the housing cooperatives on the body which frames the national housing policy.

REGIONAL SEMINAR ON THE DEVELOPMENT OF COOPERATIVE HOUSING

PHILIPPINES

10th - 30th November 1977

WORKSHOP NO. III

GROUP II REPORT

Chairman	:	Capt. Pibulsak Boonchoochuay (Thailand)
Secretary	:	Mr. Victor Rodriguez (Philippines)
Joint Secretary	:	Mr. S.H. Uluwatta (Sri Lanka)
Members	:	Mr. A.H.M. Shafiqul Mowla (Bangladesh)
		Mr. Markandu Kanapathippillai (Singapore)
		Miss Leonor Luna (Philippines)
		Mr. Don Rustico Badilla, Jr. (Philippines)
		Mr. Rodolfo Cajucom (Philippines)
		Mr. Dyneshwar K. Khaire (India)

A. The Group distinguished the activities in the housing cooperative as follows:

1. Services - are activities which are directly and essentially related to the housing component and thus initiated from the first occupancy of the houses. These are the provision, maintenance and repair necessary in the individual housing project such as:

- a) Maintenance of building and roads
- b) Security
- c) Garbage disposal
- d) Electricity and gas
- e) Water system
- f) Transportation

These activities can be undertaken by the

cooperative housing management itself with corresponding service fee charges from the members, or they can be undertaken by the members themselves as residents of the particular housing project, or some of the activities undertaken by the government.

2. Side activities -- are those activities not directly essential to housing but contributory to building communities which is the primary goal of human settlement. These activities are undertaken as the needs and resources of the community multiply and are on a continuing process of developments.

They can be categorized as follows:

a) Economic productive activities -- are those designed to provide the consumers goods needed by the families and also to help augment the income of the low-income families in the housing project.

Some of these activities could be:

1. Consumers cooperative store or Cooperative Shopping center.
2. Cottage and handicraft industries.
3. Small agro-based projects like house gardening, poultry and swine raising, fish pond and others.

Skills training in this line of economic activities can also be introduced to insure the economic viability of the projects.

b) Recreational activities - are those activities which will promote the physical well-being of the families and at the same time develop harmonious social interaction among the residents from the youth to the adult groups. Provision should therefore be made for facilities such as playground, park, multi-purpose hall, clubs, and others.

c) Social-cultural activities - are those which will meet the higher needs of the human family such as schools, library, music and dancing, art, and possibly facilities and opportunities for religious service when needed by the members.

d) Other side activities could be provided such as:

1. Medical services
2. Communication and post office service
3. Adult education programs
4. Savings program
5. Insurance program

These side activities can be initiated and undertaken by the residents themselves with their own resources or with government assistance for those activities related to government services.

B. The assistances that Governments can give to housing cooperatives in terms of side activities and services are:

1. Electricity
2. Water supply
3. Sewerage

4. Health and education

5. Transportation

6. Communication facilities

7. Security services when the housing

project is too large for the cooperative

to handle by itself.

November 25, 1977

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REGIONAL SEMINAR ON THE DEVELOPMENT OF COOPERATIVE HOUSING
PHILIPPINES

10th - 29th November 1977

WORKSHOP NO. III

GROUP III REPORT

Chairman : Ms. Mani Kamolvej (Thailand)
Secretary : Ms. Perla Sarmiento (Philippines)
Members : Mr. Pesto Labis (Philippines)
 : Mr. Md. Shafiullah Patwary (Bangladesh)
 : Mr. K. Vickramasingam (Malaysia)
 : Mr. Neph Teik Hong (Singapore)
 : Mr. Marino S. Noriel (Philippines)

Taking into consideration the various practices and conditions prevailing in the different countries of the region, the Group contributed their suggestions and recommendations by way of a common and general presentation.

1. Side Activities

Objective - To establish harmonious relationship among the members of the community and to maintain environmental sanitation.

The following activities can be undertaken by the members of the housing cooperatives:

1. Establishment of recreational facilities such as social gatherings, promotion of cultural activities, sports, etc.
2. Shuttle transportation arrangements.
3. Shopping facilities or an organization of a consumer cooperatives.

4. Organization of a credit society.
5. Putting up a library center.
6. Organizing a kindergarten and nursery school.
7. Setting up cottage industries.
8. Gardening and beautification.
9. Organizing a security volunteer service.
10. Setting up a first aid and care unit.
11. Organization of a youth and senior club.
12. Self-reliant activities.

Some activities can be included which appears to be a part of the improvement of community life and other incidental needs that may arise.

In community living, such as in a housing cooperatives, the organization of home-owners association can set the phase for taking up the probable side activities as mentioned above. This body shall function as a guiding and counselling unit which duties and responsibilities shall be in accordance with the context of the by-laws of the cooperative housing. Sub-committees, shall be organized to undertake the different types of activities, the end goal of which is to encourage involvement of the members of the community.

II. Government Role - Government assistance can be tapped or solicited by the housing cooperatives in the following manner:

1. Establishment of a postal and communication service.
2. Establishment of a water system.
3. Installation of lighting facilities.

4. Instalment of telephone system.
5. Garbage collection.
6. Setting up of health centers.
7. Road maintenance.
8. Transportation facilities.
9. Family Planning extension center.
10. Adult education classes.
11. Police security.
12. Technical assistance in the different side activities as mentioned.
13. Putting up a school.

Further assistance from the Government will come in as the community is developed.

REGIONAL SEMINAR ON THE DEVELOPMENT OF COOPERATIVE HOUSING
10th - 30th November 1977
Philippines

Keynote address of
Secretary JOSE R. ROÑO
at Villa La Maja Hotel
Baguio City

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For and on behalf of my countrymen and the Ministry of you, Local Governments and Community Development, I welcome all of you, our guests from the Asian countries and the International Cooperative Alliance with the open arms of warm friendship and brotherhood. Indeed we would wish that you would feel as part of the Filipino family. As we traditionally say it here, let our home also be yours.

And if I may say this, without necessarily implying a moderation of its seriousness, the native manner of greeting or accommodating friends appropriately manifests the spirit of the issue which has brought us here all together — that of cooperative housing.

Today all of us are assembled here in this beautiful city of Baguio to discuss, seek answers to and develop timely and practicable measures attendant to one of the overriding concerns of our age which is human housing. This assemblage of prominent personalities dealing with the housing problem, from various countries in Asia and the Pacific region, stresses clearly the growingly accepted fact that decent housing is a current need the solution of which does not entirely have to come from the government.

It is thus in recognition of this notion that we in the government, have come to look at your convention with not only agreement but likewise support and encouragement. Your choice of

our country as the forum for the deliberations on the issue at hand gives us great honor, for which we are grateful to your goodselves and your home organizations.

For it is also a fact as you will note in your half-month's stay here, that the Philippines is one country which places human habitat as the prime concern and a major approach of the government in our people's quest for a better quality of life. Manifestations of this are the existence of major national bodies that answer to this vital human necessity, the National Housing Authority and the Human Settlements Commission, as well as the enormous resources that have been channeled to these yearly. The key approach they have adopted is the scheme of providing public housing to middle-income and, now, more prominently, to low-income families. Types of government assistance range from subsidy, to loans, to direct provision of housing settlements, attuned to the modern concepts of environmental dynamics.

Doing anything less than this, we realize, would not only bring serious consequences or failure to our general plan of creating a new human society but at the same time would mean prolonging the oppression of the poor.

Yet, despite the vigorous efforts government housing programs have made on the matter, the challenge and the urgency remain pressing. It has been reported by our national economic planning

body, the National Economic Development Authority, that every year our country demands 480,000 living units, of which only, 50% can be met. Every year, the rate of households increase is 4% — anywhere from 250,000 to 300,000 new families — presumably needing new housing. Of the existing housing stock, one-eight is said to be sub-standard. Every year 240,000 units deteriorate due to a variety of causes, requiring replacement and/or improvement. Perhaps, these figures I can safely assume also speak of the prevailing housing situation in many other developing countries.

I have spoken rather briefly of the government response to our defined problem. And from the way the above statistics stand, additional efforts have to be made, additional resources have to be mustered and integrated to the overall scheme.

Hence, from such inference, I wish to offer another dimension to the reasons for this convention.

All of you are gathered here with the objective of discussing the promotion of cooperative housing and ways of starting cooperative housing societies, organizational patterns and by-laws, financial needs and schemes of financing, education programmes and the role of government. This conference offers significance in that you have seen a direction, a solution to the problem. You have elected to confront your own country's housing needs through the cooperative venture.

To me, I find your chosen approach to be supported by formidable reasons.

For instance, cooperative housing is one solid solution in the form of self-help coming from the private sector, to the most serious unmet economic need of today's many urban settlers — that of good habitation which they can own in a good environment, at costs they can well afford. Likewise, through this method urban renewal can take place more rapidly. The successful experiences in cooperative housing enterprises in Scandinavia and the metropolis of many other European and other countries bear proofs to this observation. They were examples of how private resources were tapped to complement the government's efforts in providing decent shelter to their people. I need not further elaborate on this matter of benefits and advantages of cooperative housing since planners, as you are, are most familiar with the subject.

Although a good solution, as it is, your method of cooperative housing must be viewed with extreme caution. It should take due consideration of the determinant factors attendant to the problem of good living conditions. I would like to mention some of these.

First is income. At every household level, the income level defines the housing that a family can afford or the standard

it is capable of meeting.

Second, the scarcity of land with good access to employment opportunities in a dense urban community is another core feature of the housing problem. Without goods and services available, shelter becomes unimportant. Workers would rather live in slums where they are near their source of income.

Third, the continuous growth in urban population places enormous stress on all attempts to cope with the demands for decent shelter. Unless massive migration without goods from the countryside to the urban areas is checked, the provisions for habitation are likely to remain inadequate.

Finally, government intervention plays a most critical variable in terms of housing policies and administration. Specifically, direct reference is made to the nature of incentives the government can give to self-help housing projects, the zoning and land development policies, the provision of general transport, energy and sewerage services, and the like.

All the first three factors, you will note, are quite immense enough by themselves. They can even be treated as big and separate problems as housing itself is. The point we are driving at is that the housing problem must be placed within the context of a general social or national problem. Correspondingly, solutions to it must be treated similarly.

It is for this reason, that government intervention immediately takes on the complexion of a most critical variable in confronting any major social enigma which is allied to other ills.

More concretely, the solution of cooperative housing must be tied-up closely or complemented with other government measures. Thus, particular and specific government support activities must be identified and neatly formulated for cooperative housing to succeed. On this aspect this seminar can provide assistance most aptly. Beyond more discussion on the promotion and mechanics of cooperative housing, you are now asked to pinpoint, from the private-cooperative movement's perspective, the precise counterpart action which every government must undertake in aiding your program. For instance, the International Cooperative Alliance should address itself to the question of what could be suitable government policies affecting housing. Such matters as exchange, foreign trade, labor, commercial, monetary, credit and fiscal policies, flow of private and public lands, land speculation, tax incentives, zoning and land development which too have profound influences on the locations of residences and places of employment in the metropolis, plus other similar concerns must be brought to the state's attention for purposes of policy guidance. And perhaps, also, more flesh could be added to this exercise if after your deliberations the respective governments - I can speak at least for my own government - are correspondingly informed

about the view of this seminar. This way, government legislation, relative to cooperative housing, in effect becomes an extended function of the private sector, or at the very least, this would certainly bring about more meaningful collaboration between governments and the private sector.

I hope you will understand the keen interest and zeal I have projected in this particular field of social and economic activity. Your deliberations here, I am sure, will bring by far fruitful results and meaningful contributions to every nation's quest for creating new and human societies.

In this noble aspiration, we, of different societies, are one. Allow me therefore to express my sincere wish and ardent prayer that this conference attain the fullest success.

To all of you, once again, welcome to our home. Thank you and good day.

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27th November 1977

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Baguio City
Philippines

VALEDICTORY ADDRESS

by

MAJ. GENERAL GAUDENCIO TORIAS (Retd.)
CHAIRMAN
NATIONAL HOUSING AUTHORITY
DILIMAN, QUEZON CITY
PHILIPPINES

It is a source of great encouragement to note the increasing concern of many sectors over the need for housing.

I take this gathering, for one, as a clear manifestation of the growing awareness that it is only through a concerted effort that we may hope to provide a decent habitation for more and more people in spite of the magnitude and complexity of the problem that confront us.

Housing through cooperative effort has a great potential in becoming a dominant strategy for housing programs delimited and hardpressed by meager resources. It is openly acknowledged that for lack of funding, housing in many developing countries is a neglected area, and, for all but the upper income group, a relatively costly and therefore impossible venture.

The initiative and capacity for self-help implicit in the nature of a cooperative may prove, historically, to be a tremendous assistance in the effort of poorer countries to realize an improved quality of life for their people.

It is with this consciousness of the great potential behind the cooperative movement that I take this opportunity to discuss with you areas of common concern.

Since the Philippine situation is perhaps representative of the developing countries' struggle for adequate housing, I take the liberty to begin by giving you an overview of the steps the government has taken in moving towards this direction. Hopefully, this will provide us a context within which we may discuss possible tie-ups and other such arrangements a government may enter into in assisting a housing cooperative.

In the past, the Philippine approach to housing was defined as a purely physical activity apart from other events within the human landscape. Housing, then, was conceived as the provision of mere living space and shelter. This was aggravated by the fragmentation of housing efforts and resources among various government agencies.

Thus, we had a situation in which a more rational approach towards housing was not only a necessity, but a desperate priority in the government's bid to provide its citizens with a decent shelter and a better quality of life.

Consequently, the National Housing Authority was created to consolidate resources, functions and activities related to housing. The Authority was charged with the triple task of developing housing, undertaking upgrading and resettlement as well as with the generation of maximum participation from private and public agencies.

Using the universally-accepted human settlements approach as the basis, we have assessed the housing

situation of the Philippines as consisting of three dimensions:

The first dimension is the construction of new units to fill up the existing housing backlog and keep pace with the incremental yearly increases. Metro Manila, whose population grows at the rate of 6% annually, has a yearly estimate of 27,000 households in other urban centers must likewise be accommodated yearly.

The thrust of our construction effort is the sheltering of the low-income families which constitute 45% of all households in urban areas, we have therefore allocated more of our resources towards the provision of housing affordable by these families.

The second dimension is the upgrading of sites and services for slums and other blighted communities, the focus is on environmental hygiene. This entails the improvement or introduction into slum areas and blighted communities of such utilities as water, sewer, drainage, roadnets and social services such as schools, hospitals, health and community centers, parks and playgrounds. In addition, we hope to break the circle of poverty prevalent in these areas by creating income-generating opportunities. Economic programs such as skills training and the development of industrial and commercial estates in resettlement sites have been initiated. The Tondo Foreshore and Dagat-Dagatan Development Project is the first project of this nature.

The third dimension of our housing problem is the relocation and resettlement of squatter families residing in areas dangerous to public health and safety, such as railroad tracks, esteros and other critical waterways. It is estimated that there are 30,000 households which need

to be relocated to pre-developed resettlement sites.

Part of our program is the development of resettlement sites which are in consonance with the human settlement concept. The government has at present four resettlement sites for squatter families.

In moving towards a solution of these problems, the authority is guided by concepts and approaches designed not only to meet the country's housing needs but to redirect the orientation of the housing industry.

First, housing is a commitment to total development. It goes beyond living space and shelter to embrace the total environment. It means the provision not only of physical amenities but of community services and access to employment as well.

Second, housing is the responsibility of everyone, the rich, the middle class, the poor -- all have a stake in the overall quality of national life.

Third, the thrust of the housing effort is towards the low-income group which comprises 79% of the total population. Through a system of cross-subsidy, those who can afford to meet their needs shall share in providing shelter for those who can not.

Fourth, housing investments must be recovered to minimize dependence on government subsidies and thereby sustain the housing effort.

Fifth, affordability is the measure of benefits. The objective is to meet housing needs with what is possible. In assessing housing needs. The Authority is not bound by inflexible standards. To bridge the gap between affordability and cost, the Authority employs measures like economy of scale and the use of indigeneous construction materials.

Sixth, all sectors of government --both national and local -- must contribute to the housing effort. To enlist such resources, the authority draws up a master plan encompassing the various components of development, programs the work for participation agencies, and commits itself to funding the program.

Finally, private organization and resources are mobilized and coordinated to meet adequately the housing

need. This is supportive of our belief that housing is a joint concern of the private and public sectors. Under our concept of "Joint Venture", the private sector contributes in the housing effort by providing land, management talent, financial network, manpower and technical expertise.

Basically, it involves the extension by the National Housing Authority of interim and/or long-term financing to enable the Joint Venture partners to lease out or sell housing units on serviced lots at acceptable rates to qualified beneficiaries. The process is as follows:

First, the project proponent submits a proposal for Joint-Venture housing scheme to the Authority. The proposal is based on the availability of land with a clean and unencumbered title. The proposal should likewise provide for the marketing of the housing units to the intended beneficiaries.

Second, the Authority evaluates the project proposal based on its guidelines and standards as to the type and cost of housing benefits offered under the program.

Third, the Authority, upon approval of the proposal, designates a financial intermediary through which funds for the project are to be channelled.

It is within the context of the "Joint-Venture" that I wish to discuss the possibility of a tie-up with the cooperative movement.

Our government is aware that the single biggest obstacle to a cooperative housing project is financing. While, for instance, a cooperative way generate capital through an organized savings program, it is usually not enough to finance land acquisitions and the actual construction of dwellings. Mostly, it has been necessary to look to other sources for the bulk of the long-term mortgage money.

On the other hand, our government is particularly interested in extending long-term loans at subsidized interests to any form of social housing, such as the non-profit and low-income oriented housing built by cooperatives.

In addition, we are particularly receptive to group mortgage loans because of the credit worthiness normally possible in an organization. We are aware of the fact that a group approach to housing promotes greater financial responsibility. There exists the collective responsibility for meeting the total obligation on time, and the whole membership exerts social pressure on individuals to meet their share of the obligation.

Another factor which makes a cooperative particularly attractive to is the assurance that houses intended for low or low-middle income families will not be used for speculation. The fact that the title to the real property is commonly held by the organization while ownership of individual dwellings is still preserved makes this possible.

Also, since the cooperative can provide the collective management and maintenance of the housing estate, our government is relieved of administrative duties which we normally exercise in the case of our social housing projects.

In short, there are a number of factors rooted in the nature of a cooperative which make a tie-up with government not only feasible and necessary but ideal to our common concern to spread the benefit of housing to the many, who on their own cannot afford housing.

In the difficult area of financing, the government would be willing to extend financial assistance by shouldering the cost of capital subsidy. How this can be worked out in practice may be demonstrated by the following example:

The Authority, for instance, can isolate a piece of government land for a cooperative housing project, land being a huge component of capital cost. The cooperative can pool together a part of the funds required to develop the land area and put up dwelling units and the Authority can extend counterpart funds for the same purpose. The entire property may then be allocated to deserving member-applicants through long-term leases designed to be affordable by low-income earners. Members of the organization can guarantee one another and provision made for group management of the estate by the residents themselves.

In cases where the members would not be able to afford housing even through long-term loans at interest subsidy, it would be well to remember that affordability measures the range of benefits a particular project may offer. Each family with so much income can afford only so much of housing benefits. These can range from the improvement of sites and services at one end to single detached units at the other end.

Our concept of housing must not be limited in terms of completed housing units for these may not be within our means. What is important is to locate the small man in an environment which permits increasing opportunity for

a better quality of life. As long as our housing objective encompasses the essentials for growth in well-being, such should be an acceptable measure of achievement.

The cooperative as an organized and disciplined membership is capable of transforming itself into a potent force in the housing movement of many developing countries. Your talent for management and organization, for harnessing individual action to achieve collective goals, is a decisive support to any government which seeks the maximum participation of all sectors and which has yet to build its management capabilities in order to execute a housing project.

Moreover, the cooperative's cultural nearness to our sense of solidarity and communal spirit could facilitate the promotion of housing as a grass-roots movement. The government need no longer be mostly alone in the job of providing adequate shelter and a humanized environment for the greater masses of our people. With the cooperative as an organized self-help, housing in developing countries may yet turn out to be truly for the people and by the people.

The Philippine experience so far indicates that this is possible. We have, as far as is necessary, involved the people who are to be the direct beneficiaries of our housing programs.

We hope that with the growing strength of the cooperative movement in our countries, and with the valuable assistance of our governments, the movement for a genuinely mass-based housing program would become, in the course of history, to be an irreversible trend.

THANK YOU.
