

Membership Based Organisations and Affordable Housing Delivery in the Greater Accra Metropolitan Area, Ghana

Final Draft Report

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Chapter 1: Introduction and Context

1.1 Introduction

Ghana's real estate has been booming within the last decade. Across the country, particularly in Accra, Tema, Kumasi and the Sekondi-Takoradi residential investment opportunity is increasingly driving in foreign direct investments¹. While there are continues discussions about the appropriate policy strategy to harness this investment growth, the fact of Ghana's poor and inadequate housing of majority of the populace is obvious in its cities where rapid population growth and urbanisation are profound. A significant share — about 27% of urban households are in need of affordable housing solutions (Sarfoh *et al*, 2016). Within this market segment are opportunities for economically viable solutions and in increasingly creative ways, these are what policy decision-makers and housing investors are finding.

As both local and international investors chase growth opportunities in the real estate market, government has the opportunity to steer this interest in support of meeting the housing needs low income households. However, investors by their very nature are drawn to the high income market segments. It is in these segments that they can adequately price for risk and realise the returns they seek. Their investments have thus focused in the development of high end properties; condominiums, town houses, luxury apartments and exclusive neighbourhoods. This has, in part left the housing demand in the lower market segment unsatisfied. In the void, individuals and membership-based organisations (MBOs) are initiating alternative strategies to meet their housing needs. MBOs provide a potentially substantial and sustainable approach to low income housing delivery. Yet little is empirically known about the extent and impact of their initiatives in the land and housing market. Further work is required to appreciate the nature of the opportunity this organisational form presents, and establish the productivity and efficiency imperative for this sub-sector to be relevant policy-wise. Insight is also required into the mechanics of policy and institutional arrangements that would enhance the output of this model.

¹ See https://www.bog.gov.gh/privatecontent/Publications/Staff_Working_Papers/2005/wp-15.pdf

1.2 Objectives of the research

The aim of this project is to seek to understand the character of these MBOs cooperative credit unions and staff associations and the practices and scope of their initiatives within the land and housing market notably within the Greater Accra Metropolitan Area.

The specific objectives of this research were to:

- To examine the activities and practices of membership-based organisations in land acquisition for housing development within the Greater Accra region
- To determine the extent and scope of MBOs' interventions in the housing market.
- To explore the unique barriers to membership-based organisations in the delivery and allocation of affordable housing
- To suggest actionable policy recommendations to strengthen membership-based organisations in providing affordable housing solutions.

The research investigated the extent to which the activities of Cooperative Credit Unions and Staff Associations in the land market have increased members' access to land, enabled access to credit facilities and facilitated the delivery of affordable housing. The intention of the National Housing Policy was to create a positive environment in which private sector and non-governmental organisations could participate effectively in the housing market to stimulate affordable housing delivery. This includes actors such as the Housing Cooperatives and organised labour associations. The evidence collected (set out in subsequent chapters) gives weight to the assertion that well-structured Housing Associations and Labour Unions have the potential to provide affordable serviced lands for their members. However, the report also points out concerns that there has been an unintended consequence in that unsuccessful attempts by some Associations have increased distrust among members.

The research provides recommendations for possible changes to policy in terms of matters that could be addressed quickly and those which might be more radical or require longer-term gestation. The findings and recommendations are aimed at assisting Labour Unions and Cooperative Credit Union as well as Local government Authorities in their strategy work to ensure future delivery of housing, and infrastructure in GAMA to meet current and future needs.

1.3 Methodology and Data

The research was conducted in part through analysis of published sources, official sources and internal staff association materials, and in large part through a series of in-depth interviews. A review of secondary data comprised a desk exercise aimed at developing an analytical framework to guide the empirical findings. The interpretation of collated data and the data themselves is based on publicly available data. A review of the urban and housing policies as well as associated policy and press articles was also undertaken. The review was based on a content analysis of the core themes and material based on a set of agreed terms.

The interviews sought to establish why the association was formed, the motivation for engaging in housing supply, the range of activities the association has been involved in with regards to land acquisitions, the rules of engagement and the general experiences of the association in the process of land acquisition and development. Respondents were mainly leaders and members with direct or indirect experience with their associations' organisational, land acquisition and development processes.

The research team adopted two non-probabilistic sampling techniques – purposive and snowball sampling techniques – at different levels, based on the specialised nature of the activities of Associations. The purposive sampling technique involves selecting certain units or cases based on a specific purpose rather than randomly (Patton 2005, Miles, Huberman et al. 2013). This technique has been used in studies to sample informants with specialised knowledge, compare practices, and when limited people can serve as primary sources of data due to the nature of the research objectives (Palinkas, Horwitz et al. 2015). On this basis, four known Associations, by virtue of their engagements in land acquisitions and developments, were purposively identified through a review of land registration documents at the Lands Commission, Accra. These identified Associations were interviewed with the aid of semi-structured interview guide.

The Snowball approach (Biernacki and Waldorf 1981), which relies on recommendations of knowledgeable people was then applied to identify additional Associations for the study given the absence of a catalogue of such Associations engaged in housing provision. This process can be considered as a link-tracing process (Noy 2008) that takes advantage of the social networks

of identified respondents to provide researchers with an ever-expanding set of potential contacts. This approach yielded seven potential respondents (Associations).

Table 1 provides a summary of the characteristics of the MBOs that were examined for this study. Respondents drawn from twelve staff associations and cooperative credit unions were surveyed from two main geographical areas – the Greater Accra and Tema enclave, where the activities of housing development by the organised groups are concentrated. The MBOs examined were either staff associations or cooperative credit unions. The majority of those examined (60 per cent) were cooperative credit unions², while the 40 per cent are staff associations; precisely organised employees of formal workplaces. Interviews were also conducted with representatives from the Ghana Association of cooperative credit union, the mother-organisations of cooperatives to gain understanding on their supervisory and regulatory activities. For the purpose of this study, the term MBOs is used to refer to both credit unions and staff associations. Where specificity is required, the most appropriate term would be used to refer to the type of organisation.

² Cooperative credit unions are mainly an association of people with a common interest in a society, who come together to mobilize funds regularly and make credit facilities available to needy members under very minimum interest rates

Table 1: Cooperative Credit Unions and Staff Associations: Types & Membership - 2017

Name	Type of organisation
Public Utility Workers Union - ECG Tema Regional branch	Staff association
GWCL Plot and Housing Scheme	Staff association
Ghana Standards Authority	Staff association
Madina Teachers Association Credit Union	Co-operative credit union
Associated Teachers Credit Union	Co-operative credit union
Maranatha CCU	Co-operative credit union
Tema Chapter of Network Teachers	Co-operative credit union
ALUWORKS Staff CCU	Co-operative credit union
TORCCU	Co-operative credit union
Crocodile Matchets Employees Credit Union	Co-operative credit union
Okaikoe Teachers Association	Cooperative Credit Union

Source: Field Survey, 2017

In addition, a series of in-depth interviews were conducted with landowners and professionals ranging from developers, planners, property companies, mortgage finance institutions, professional body representatives and local governments to check assertions and to solicit their perspectives on this emerging phenomenon. (See appendix 1 for list of interviewees).

The fieldwork process involved taking handwritten notes during the interviews, with as much verbatim detail as possible; these were typed up shortly after each interview and manually coded for themes. The results were analysed in the light of the current literature and detailed personal observation, which was a crucial method in analysing the experiences of these

Associations. Analysis was thematic and primarily inductive. Generally the analysis of the data was underpinned by the fact that Associations have a potentially active role to play in achieving affordable housing provision for their members. The results from the interviews are given in subsequent chapters, and are presented together to form a synthesis of key findings to form the basis of the conclusions and recommendations.

1.4 Organisation of report

This report is organised into 4 chapters, each prefaced with a short introduction to the main themes. The report begins with the aims of the project, including the intent of this investigations. This is followed by the processes adopted by the researchers to examine the various themes of the project. It provides a brief but systematic description of the approach the researchers adopted to answer the fundamental questions of why MBOs have become active in the housing market and what strategies they adopted to achieve this.

Chapter 2 provides a brief description of the cooperative movement in the housing sector in Ghana, while drawing some insights from other jurisdictions (global south) where necessary to paint a clearer picture for readers. The discussions in this chapter also explore the themes of organisational set-up, approaches, benefits and challenges of HC in delivering affordable housing. The insights from this chapter provide an entry point for examining the case studies covered by this study.

The third chapter presents findings of the research. Finally, the report concludes with a set of recommendations for organisations interesting in the cooperative approach to housing delivery, and for local government authorities and policy makers.

Chapter 2: Affordable Housing and the Case of Housing Cooperatives

2.1 Introduction

This chapter provides an overview of the housing situation as a trigger to the emergence of housing cooperatives. Affordable housing situation in Ghana is presented. The connection between the inadequacy of affordable housing solutions on the market and rise of MBOs as alternatives is made. A broad brush view of the rise of MBOs in Ghana is presented. The chapter further draws lessons from the character and experience of cooperatives within the global south in meeting housing needs of low income households.

2.2 Affordable Housing Delivery in Ghana

The National Housing Policy, adopted in 2015, sets out the government's strategy for adequately supplying housing, particularly those in the affordable range. The Housing Policy, requires a household to spend no more than 30 per cent of its gross annual income on the rental or purchase of housing for housing to be considered affordable (MWRWH, 2015). While the average household housing expenditure as a share of total household expenditure of 3.8% in 1998/1999, 9.5% in 2005/2006, 11.3%, in 2012/2013 (GSS 2000, 2008, 2014)³ suggest housing is affordable to majority of Ghanaians, the case is significantly different when viewed beyond the face value of the figures. Average household income in both rural and urban areas, is insufficient to purchase the cheapest newly built house, by formal developers within this policy limit. The minimum price for a newly built two-bedroom house in the market costs GHC80, 000 (US\$20,233) as at 2016 (CAHF, 2016). The monthly mortgage payment for a house this size is GHC1, 939 (US\$491), requiring a minimum amount of GhC6, 463 (US\$1633) as monthly income. With an average household income of GHC495 (US\$125) for salaried employees (CAHF, 2016), the mortgage rate is unaffordable.

Then there is the high cost of land and construction materials. Sarfoh *et al.* (2016) reported that as much as 80 per cent of building materials including paint, locks and floor tiles are imported. This affects the cost of building due to currency value fluctuations. Cost of building

³ For discussion of the myth of housing affordability in the country see Kavaarpuo G. (2017). Available at <http://www.inclusivebusinesshub.org/the-reality-of-housing-affordability-in-ghana/>

materials in the country are also higher than in neighbouring countries. In 2016, a standard 50kg of cement costs US\$8.44 - \$8.95 compared to US\$5.35 in neighbouring Nigeria, US\$6.30 in Benin and US\$6.72 in Togo (CAHF, 2016). Similarly, while a standard sheet of corrugated iron for roofing (1.117x2.438, width – 0.4mm) costs US\$5 in Ghana, other neighbouring countries reported lower figures.

Ghana's estimated housing deficit is estimated at about 1.8 million houses as at 2016 (CAHF, 2016). However, the Ghana Real Estate Developers Association (GREDA) which has about 140 active members delivers about 2,500 housing units out of the 40,000 estimated annual total output.⁴

In addition, government gives tax incentives to members of the GREDA when a proposed project is within what government determines as affordable⁵ (Habitat 2011). This strategy is based on the assumption that affordable housing is possible through formal private sector investments. However, the ambiguity with the application of what 'affordable' means the interventions are not meeting the anticipated market. A newly built house by a formal developer or contractor mooted as affordable costs upwards of GHC80, 000 (US\$20,223). At this amount, CAHF (2016) estimates that only 4.3% of urban households can afford this house. Although the activities of these formal developers have positively contributed to the supply of housing in the real estate market, these developments are too expensive for the majority of households. In the meantime, the bulk of the housing supply is delivered by households themselves or through informal small-scale contractors through incremental building processes. The completion times for self-build houses are estimated between five and fifteen years (Awuvafoge, 2013).

The government's involvement in housing delivery through various policy strategies is acknowledged⁶. In 2016, the Ministry of Water Resources works and Housing partnered with a Brazilian construction firm, Construtora OAS Ghana to build a total of 1,502 housing units on a

⁴ <https://philpapers.org/archive/MILCB-3.pdf>

⁵ What is affordable is open to the discretion of the Ministry of Works and Housing and as at the time of this report, no known member of GREDA has enjoyed the facility

⁶ See for example Konadu-Agyemang, K. (2001). The political economy of housing and urban development in Africa: Ghana's experience from colonial times to 1998, Praeger Publishers.

300 acre land in Prampram in the Greater Accra Region. The government intends to subsidise 40 percent of the houses and to be sold at discounted rates⁷. This approach is part of the government's attempt to provide affordable housing and to curb the housing deficit. However, many public-private partnerships in the housing sector end up supplying up-market dwellings, and in many cases do not come to fruition. Indeed, various governments of Ghana have implemented different housing strategies with the aim of ensuring adequate housing particularly to low income households, ranging from direct provision, provision of subsidized housing loans, public private partnerships to housing market liberalisation (Arku 2009, Boamah 2010). However, most of these policies have failed to achieve their intended purposes due to mismanagement (Awufofoga 2013), lack of coordination (Yeboah 2005) and corruption (Boamah 2010). Tipple (2015) suggests that public-private partnerships for affordable housing delivery are more likely to be effective with informal artisans and contractors rather than formal real estate developers. While there may be debates about the effectiveness of government involvement in housing delivery⁸, it is generally accepted that there is severe under supply of housing for low income households requiring innovative interventions to meet the increasing housing needs in Ghana's urban areas.

2.3 The Rise of Membership-based Organisations in Housing Supply

The housing affordability crises in Ghana⁹, together with the Housing Policy requirement to reduce the affordable housing deficit have prompted alternative strategies by individuals and organised associations. In recent times, there has been a surge in land acquisitions by cooperative credit unions, staff associations and other organised groups in mainly peri-urban areas (Sarfoh et al. 2016). Membership-Based Organisations (MBO) comprise of organised individuals bonded by common interests or needs. MBOs can be formed within local savings and credit circles, professional associations, trade unions, and cooperatives.

Cooperative Credit Unions are classic examples of MBOs. The concept of credit union is such that people with a common interest come together in a society, mobilize funds regularly so

⁷ <http://www.myjoyonline.com/news/2016/June-16th/mahama-applauds-construction-progress-of-saglemi-housing-project.php>

⁸ See for example Acquah-Harrison, R. (2004). Housing and urban development in Ghana: With special reference to low-income housing, UN-HABITAT.

⁹ For a detailed report on the state of affordable housing delivery in urban Ghana, see Sarfoh et. Al (2016)

that after six months, a needy member can apply for a credit facility with low interest rates payable within a period of time. Members are expected to make savings periodically in order to qualify for a loan. Cooperatives are primarily concerned with promoting the welfare of their members. They are often organised as work-place, community or parish cooperatives but could take other forms depending on the aims and objectives. Membership is voluntary and open but requires compliance with the terms and conditions of the organisation. In Ghana, cooperative credit unions are legally required to register with the Department of Cooperatives¹⁰ before they are permitted to operate. In addition, CCUs are expected to obtain an operating license from the Bank of Ghana and affiliate with the Ghana Cooperative Credit Unions Association (CUA). CUA is responsible for supervising and advising credit unions in the country. Additionally, the CUA issues guidelines for the operation of its members, and organises periodic training programs for its members.

Another example of MBOs is Staff Associations - an association of employees, often a sub-group within the larger trade union. Similar to credit unions, staff associations exist principally to promote the interest and welfare of staff of the organisations within which they are formed. However, membership is strictly limited to staff members of their respective institution such as teachers, nurses, doctors among others. Other examples of MBOs are trade unions, savings groups among others. Although this report recognises that all these types of organisations are membership organisations, this research focuses on those MBOs that are actively engaged in strategic investments for housing for their members.

MBOs, as collective entities, generally represent a source of economic empowerment for their members. Their increasing presence and operations in large scale land acquisitions and housing developments is in part a response to the difficulties members face in accessing decent and affordable housing.

To assist members acquire decent housing, MBOs directly negotiate with acquire large tracts of land and sublet smaller plots to members. For example, in 2012, GESRO Cooperative Credit Union in Takoradi acquired 2,000 acres of land at Apowa and Eshiam in the Western Region. The union engaged the services of a consortium to develop the land into affordable housing

¹⁰ This government department is responsible for all matters pertaining to cooperatives

units for its members. Members are required to pay an initial 40% of the price of the unit, and pay the remainder within 6 years of habitation.¹¹ The Federation for University Senior Staff Association (FUSSAG) of the University of Cape Coast began an affordable housing project in 2015 at Dwirakyim in the Central Region. Dubbed “The FUSSAG Village” will cover 200 plots of land. Parcels of land have been sold out to members and would consist of a 3-bedroom flat at GHS70, 000 per unit, on demand basis, with extra cost charged on every additional room. The project was pre-financed and constructed by a private developer and to be completed in a year. A 10-year mortgage plan has been worked out for interested members.¹²

Some MBOs partner with a real estate developers to acquire lands for self-housing for their members. For example, the Musicians Union of Ghana (MUSIGA) in 2013 partnered with FLYcotect, a real estate developer to acquire lands and develop housing for its members (Modern Ghana, 2013)¹³.

In other instances, others offer credit facilities to their members at lower rates for land acquisition and building construction. In essence, one of the primary benefits of joining cooperative credit unions in recent times centres on being able access to land and home loans - a significant step towards homeownership. For instance, the University for Development Studies Credit Union offers ready access to land acquired by the Union in Wa, Tamale and Navrongo as one of the main benefits to membership (UDS, 2017)¹⁴. Similarly, the Ghana Co-operative Credit Union Association (CUA) considers financial security and homeownership as the key benefits of membership to credit unions.¹⁵

Housing cooperatives, established specifically to address housing concerns of members are less common in the country. The Amui Djor Housing Cooperative for example is a housing cooperative based in the Ashaiman Municipality of the Greater Accra Region. The HC was formed out of the existing savings and loans group by the Ghana Federation of the Urban Poor who sought to economically empower slum dwellers. With the commencement of the slum

¹¹ VibeGhana, 2012

¹² Ghana News Agency, 2015

¹³ https://www.modernghana.com/music/23526/3/musiga-to-build-house-for-musicians.html?utm_medium=twitter&utm_source=twitterfeed

¹⁴ <https://www.uds.edu.gh/credit-union>

¹⁵ <http://www.cuagh.com/credit-unions/members/benefits/>

upgrading facility in the community, initiated by UN-Habitat, the existing savings group was seen as credible for the formation of a HC as members were already acquaint with the savings culture and also had existing savings. The slum upgrading facility aimed in part to provide permanent housing and income-generation opportunities for members who are mainly slum dwellers. The project has resulted in a 2-storey housing with commercial spaces, shared spaces for cooking, and toilets and baths. The houses will be owned by the cooperative and would be for both rental and ownership as cooperatives decides.¹⁶

There are two factors associated with the predominance of MBOs in the housing sector. The first relates to the increasing need for households to own their own homes. Collective action offers the opportunity to attain this dream at a relatively moderate cost. Homeownership is considered as the optimum tenure as a dwelling is conceptualised as a social and financial asset which stores substantial social and financial benefits (Grant 2007, Agyeman-Yeboah 2015). Other studies assert that homeowners have a higher sense of self-satisfaction than renters (Rohe, Van Zandt et al. 2013). Thus, owning a home continuous to be a goal for many Ghanaians (Gough and Yankson 2011), and in doing so, symbolises that the owner has achieved a certain economic status and enhanced well-being. MBOs seek to promote the welfare and interest of their members, and this includes their sense of well-being¹⁷, as demonstrated by the emphasis on financial security and homeownership. The second is the historical ascendance of trade unions and cooperatives as a form of support system to achieve goals that might otherwise remain unachieved through individual efforts.

Indeed, Ghana's National Housing Policy identifies MBOs as key strategic actors that could potentially contribute to meeting the country's housing deficit of almost two million dwelling units (MWRWH, 2015). In particular, the housing policy acknowledges the possible contribution of MBOs in the areas of improving access to finance and serviced land for low income households as a means towards achieving public goods and housing needs that the state cannot or does not provide. Whether and how the operations of MBOs would contribute to increased housing supply, notably affordable housing, is significant.

¹⁶ UN Habitat (2011)

¹⁷ CUA

2.4 Synopsis of Global Housing Situation

Housing remains one of the major priorities of governments globally, as providing decent housing for citizens remain a challenge. In considering housing needs, three main dimensions are often cited; amenity, affordability and overcrowding (Bogdon, 1997). Unlike amenity and overcrowding which are more prevalent in so called developing countries, the problem of housing affordability appears ubiquitous. The decreasing housing affordability, has gained currency in many developed countries (Harriot, 2009).

There are an estimated 96 million households in urban areas globally who are financially burdened with housing-related costs, and about 235 million urban households live in unsafe and inadequate housing facilities.¹⁸ The Mckinsey Global Initiative predicts that this figure could rise to 1.6 billion people¹⁹ (representing a third of the world's urban population), if current trends persist. The significant number of people who are described as financially burdened with housing-related costs buttresses the challenge of housing affordability. Household incomes in comparison to housing costs, particularly among low-income households, precludes significant portions of society from accessing decent accommodation facilities.²⁰ In most countries, government-led interventions such as slum upgrading and the provision of serviced plots to the urban poor led to an over-reliance on the government. In recent times, the active role of the government as a 'provider' has changed to an 'enabler' in housing supply.²¹ The rolling back of the state in housing supply sought to inject competition and significant private investments.²² The private sector has indeed been interested in housing and has been directly involved in its supply. However, private developers have not been prominent providers of low-income or affordable housing development²³, mainly because of the low levels of profits associated with such investments.

¹⁸ Perhaps a UN-HABITAT reference for this instead?

¹⁹ McKinsey & Co., 2014

²⁰ Fruet, 2005

²¹ Sanyal & Mukhija, 2000

²² UN Habitat, 2011

²³ Kamete,

2.4 The Global Rise of Housing Cooperatives

With the private for profit sector less interested in delivering affordable housing, the third sector, comprising Non-Governmental Organisations (NGOs), Community Based Organisations (CBOs) and Housing Cooperatives (HCs), has gained prominence and strength since the mid-1990s in the provision of affordable housing to meet the housing need of those poorly served in Africa.²⁴ This is buttressed by Fologwe's observation that;

"once the homeless people realised the inability of council to provide them with houses, they decided to come together as organised groups to solve their housing problem".²⁵

Housing Cooperatives (HCs) is one of the effective ways of providing affordable housing to the teeming urban population. A housing cooperative is an organisational unit comprising a collective of individuals or households who pool resources to meet their housing needs or that of others. HCs have also been described as collective self-help, housing association, mutual assistance and social housing.²⁶ It must be emphasised that HCs are not substitutes for traditional public housing.

In the operation of HCs, consumers initiate or drive supply. This explains the functionality of the main forms of HCs: *house-building cooperatives* (here, houses are built collectively, but individually owned), *common ownership cooperatives* (tenants are assisted, as a group, to become their own landlords) and *market-value housing cooperatives* (tenants own a share of the value of the dwellings equivalent to the value of their own home).²⁷ HCs permit the development of mass, high-density housing units that fosters ownership and maintenance of amenities at the communal level.

The general cooperative principles usually shape the governance structure of HCs. These principles are; voluntary and open membership, democratic member control, member economic participation, authority and independence of each cooperative, education, training, and information, cooperation among cooperative and concern for community.²⁸ HCs are legally recognised, once they are properly registered in accordance with the laws of the jurisdiction of operation.

²⁴ UN Habitat, 2011

²⁵ Fologwe, 1997

²⁶ Sukumar, 2001; Odelstierna & Stenbeck, 2005; ICA Housing, 2012; Mensah & Sanvie, 2013

²⁷ Mensah & Sanvie, 2013

²⁸ ICA, 2005

The performance of HCs is usually assessed by the quantity and quality of housing units delivered, and how quickly housing units are supplied.²⁹ Kamete notes that the allocation of housing units is usually on first-come, first served basis. Qualification for a housing unit is also dependent on the individual's record of contributions to the group.³⁰ It is therefore common for members to pay rent in addition to subscriptions to have claims to a house. Allocation is sometimes a source of conflicts as a newcomer with a better record of subscriptions will be able to have access to a housing unit as compared to those holding longer membership with the cooperative. This raises concerns of favouritism, corruption and a defeat in the purpose of establishing the cooperative.

2.4.1 Types of Housing Cooperatives

Various types of cooperatives exist. This is due to the differences in the structure, ownership and aims of the cooperative. The discussion in this section is limited to the global south to allow for comparison and lesson learning for the Ghanaian case.

In India, three main forms of HCs are common, namely, the *Tenant Ownership Housing Societies*, the *Tenant Co-Partnership Housing Societies*³¹ and *Housing Finance Cooperative Societies*.³² In the case of the *Tenant Ownership Housing Societies*, land is owned by societies (either on freehold or leasehold). Members have claims to housing units and are also regarded as the leaseholders of the land. Members are expected to conform to rules and regulations on transferring ownership or subletting houses, but maintain the rights to build according to their preferences. On the other hand, in the *Tenant Co-Partnership Housing Societies*, the HCs are the custodians of land and buildings (either on freehold or leasehold). However, members can only occupy housing units upon the payment of an agreed initial sum and monthly rent. *Housing Finance Cooperative Societies* primarily lend money to members to undertake construction repairs. Immovable assets such as a house or land are usually used as collateral for lending. Funds are obtained from Apex Cooperative societies and later lend out to individual members. The Apex societies usually specify a ceiling on the amount to be loaned.

²⁹ Kamete, 1997

³⁰ Kamete, 1997

³¹ ICA Housing, 2012

³² Sukumar, 2001

In Urban Zimbabwe, housing cooperatives are usually *work-based* and *community based*. *Work-based* HCs normally develop out of an organisation or industry's trades union. The National Housing Construction Trust, one of the most vibrant HCs in Zimbabwe, emerged from government employees' trade union. *Community-based* HCs usually comprises people who have common needs; 'homeless, in the sense of not being house owners, living in the same neighbourhood, having a similar profession (such as domestic workers), and living in the same political-electoral constituency'.³³

Porto Alegre, Brazil has similar typologies with Zimbabwe – *community-based*, *labour union-based* and *land occupation housing cooperatives*. For cooperatives emerging from land occupation, their members already inhabit a particular neighbourhood. Members of such associations are usually low-income, casual workers who operate outside the formal market, and with limited formal schooling. Such communities usually have history of difficult or strained relationship with public authorities.³⁴ The unionisation of the inhabitants is purposely to secure property titles to the land.

2.4.2 Housing Provision Strategies by Housing Cooperatives

Four main strategies are identified in addressing the affordable housing challenge. These are **land** (unlocking land supply), **property development** (deploying an industrial approach), **operations and maintenance** (achieving scale efficiency) and **financing** (reducing costs and expanding access).³⁵ The selection of these elements is supported by the assertions made by leaders of HCs in Egypt that the main obstacles impeding the activities of HCs are 'very expensive land, high prices of building materials and limited subsidized loans based on eligible but unrealistic square footage'.³⁶ These four main elements will serve as the entry points to analyse the strategies of HCs in providing affordable housing.

Land

Land is one of the prime elements in housing provision. Securing land at the right location is considered a critical step in providing affordable housing.³⁷ Due to the high cost of urban land,

³³ Kamete, 2001

³⁴ Fruet, 2005

³⁵ McKinsey & Co., 2014

³⁶ ICA Housing, 2012

³⁷ McKinsey & Co., 2014

residential developments are increasingly being constructed at the urban fringes, away from places of employment and other critical services. It is for these reasons that the activities of HCs have become very relevant.³⁸

Due to the pressure on land towards meeting competing needs, HCs pool and own resources, including land. The collective purchase of land lowers the costs of land. The large parcel of land in itself, can act as a collateral, which can be used to access loans towards housing investments. Community Land Trusts (CLTs) is one approach employed by organised groups of individuals to control capital investments, and have the means to realise home equity.³⁹ CLTs are usually non-profit and community-based associations, organised to preserve community stewardship of land. CLTs are predominantly used to safeguard long-term housing affordability.

In other instances, central governments have assisted HCs to access land for housing development. The case of India is illustrative (see box 1).

Box 1: HCs in India

HCs in India enjoy preferential treatment with regards to the allocation of government land. The Prime Minister's Grant Project (PMGP), for example, was instituted to reducing bureaucratic processes that hinder housing development. One distinctive intervention from the PMGP, enjoined the Municipal Corporation to lease land to cooperatives (not individuals) for an initial and renewable period of 30 years.¹ HCs have the liberty to lease out land to raise capital to finance housing construction.

Property development

One of the challenges facing the supply of affordable housing high cost and time implications in construction. Efficient construction processes is therefore needed to complement the access to land and financial resources committed to the supply of housing units in a timely manner. In some instances sweat equity is used to reduce construction cost. Sweat equity may be cheaper than industrial approaches but they reduce earning capacity of individual members who engage in the construction. The opportunity cost of sweat equity is the charges arising from industrial development approach and sometimes this can be too high a cost.

³⁸ McKenzie, 1998

³⁹ DeFilippis, 2001

Box 2: HC property development in India

In the case of the affordable housing provision under the Prime Minister's Grant Project in India, the project requires the engagement of architects and contractors to undertake housing construction. The HCs' role will then be to monitor the design and construction quality.¹ This type of partnership is necessary since the HCs often do not have the technical know-how, their role is then to ensure that there is value for money.

Again, in the case of Cooperative House Construction Societies, these HCs acquire sites, construct housing units and rent out to members, usually in a hire purchases basis. Such cooperatives are normally larger in size and can afford to undertake larger building projects.

Operations and Maintenance

Opportunities for savings are available when buildings are operated and maintained efficiently. Operations, including electricity, water and gas, constitute about two-thirds of total operations and maintenance costs.⁴⁰ Repairs and maintenance are critical in reducing the number of people living in sub-standard buildings.⁴¹

HCs, especially in developing countries, are usually not able to pool substantial resources at a given time, and therefore resort to building incrementally. Due to the inability to fully-service the site allocated for construction, as proposed by the traditional housing development model, many HCs resort to 'parallel development'.⁴² This allows for (fully or partially) completed houses that are occupied to be undertaken prior to work towards the provision of potable water, roads and electricity. As described earlier, housing construction by many HCs in Porto Alegre, Brazil, usually began illegally. Parts of the city that is least developed, with little or no amenities, are usually acquired, as these parcels are relatively cheaper. Parallel development is practised in this instance too.⁴³ This is however not the ideal method of housing development, as the lack of servicing undermines the health and safety of residents.

⁴⁰ McKinsey & Co., 2014

⁴¹ Sanyal and Mukhija, 2000

⁴² Chirisa, Gaza & Bandauko, 2014

⁴³ Fruet, 2005

Apart from maintaining the core focus of providing housing units, HCs in many countries including US and India manage their basic amenities such as water, electricity and sanitation; educational and recreational facilities such as schools, libraries, parks and gardens; develop programmes that improve the health and lifestyle of members such as health-oriented programmes, youth development programmes and organised transportation arrangements. Paid and honorary staff as well as an elected board of directors manage the activities of HCs.

Financing

A critical element that enables lower and middle-income families to afford a decent housing unit is financing. Innovative financing arrangements and reducing mortgages cost, for instance, are ways that have the potential of increasing the chances of home ownership for sections of the population who otherwise would not be able to afford. On the supply side, investing in affordable housing needs to be attractive to developers and investors.

The activities of HCs operating in India are mainly financed through the shares and savings of members and the support of other financial institutions or federations. The federations would usually obtain financing from shares (from HCs, the States and other cooperatives), loans (from the Housing and Urban Development Corporation, the National Housing Bank and the Life Insurance Corporation of India) and debentures guaranteed by the Government. Federations apply about a 1% interest charge to cater for administrative costs.⁴⁴ In Egypt, HCs can receive a minimum of 25% discount on all State-owned parcels of land, and could rise to about 50%, subject to the approval of the Minister of Finance. Also, Egyptian laws compel the State to facilitate loans and towards the acquisition of land by HCs.⁴⁵ For Austria, the state through 'Housing Promotion Schemes', provide financial assistance directly to HCs. The assistance includes long term and low interest rates public grants or mortgages that cover 20-60% of housing construction costs.⁴⁶ The different programmes implemented by the Canadian government assist HCs with low interest on loans for 50 years through direct lending from the federal government's the Canada Mortgage and Housing Corporation. Grants are available to HCs that are targeted towards reducing the costs associated with construction.⁴⁷

⁴⁴ ICA Housing, 2012

⁴⁵ ICA Housing, 2012

⁴⁶ ICA Housing, 2012

⁴⁷ ICA Housing, 2012

In summary, for HCs to increase the number and quality of housing units in the shortest possible time, access to land needs to be unlocked; an industrial approach needs to be deployed; achieve economies of scale and reduce costs of financing housing projects. The support from the State and in some instances, the private sector is commendable and which needs to be sustained. Such assistance is useful in supporting and complementing the contribution of HCs in salvaging the housing deficit.

2.4.3 Benefits of Housing Cooperatives

The role of housing cooperatives have generally been touted as significant in the supply of affordable housing – that are of high quality- particularly for low income households.⁴⁸ A house is of economic, social and cultural gains. The ownership of a house is an asset that allows people escape poverty, as it can be used as collateral to access other financial services.⁴⁹ Also, owning a house – a decent, high quality house- is a status symbol that affords people to claim a recognised social standing even if the fabric of the property does not guarantee a dignified life. Boguslawa et al assert that in Portugal, the activities of HCs have positively and significantly changed the lives and lifestyle of its target population over the last three decades.⁵⁰

Pooling resources by HCs increases credit-worthiness, as the group is usually considered to be more credible and traceable by financial institutions. This offers HCs access to other resources to finance housing construction, for example.⁵¹ Limited equity housing cooperatives, for instance, are able to borrow money, guaranteed by their collective interest. Such benefits may not be available on an individual basis. HCs enable households to determine services to be provided and negotiate for flexible and tailor-made conditions to suit their circumstances. The pooling of resources also improves the access to assets such as land, which otherwise would have been expensive for low-income households. Fruet (2005) observes that the collective savings of HCs in Porto Alegre have enabled them acquire lands to undertake affordable housing construction, despite the fact that, wealthier individuals and co-operations owned a significant proportion of the city's land.⁵²

⁴⁸ Sukumar, 2001; Saegert & Benitez, 2003

⁴⁹ O'Mahony, 2013

⁵⁰ Boguslawa et al 2007

⁵¹ Sukumar, 2003

⁵² Fruet, 2005

HCs are useful avenues to access preferential treatment, particularly from the state. Allocation of government lands, credit and other subsidies are some benefits that accrue HCs' efforts in supplying affordable housing as seen in India. Affordable housing provided by HCs represents a more appropriate alternative for renters who spend more than 50 per cent on housing.⁵³ Since the 1980s, several non-government organisations have been offering technical assistance to HCs in Zimbabwe. Their assistance in areas such as administration, investment, resource management and negotiation has been advantageous to HCs, who otherwise, may not have had the capacity to make gains as expected.⁵⁴

Aside the many economic benefits of the contribution of HCs, other social and psychological benefits accrue to households and the community at large. Such benefits include a sense of belonging to a community, residential satisfaction, low crime rates, enhanced social capital, high levels of empowerment, and promote democracy and participation.⁵⁵

Despite the many advantages that are associated with HCs, some critics have highlighted some shortcomings. Some low-income families may have challenges raising the needed financial commitments. And these members, unable to contribute rent or make payment towards membership are likely to be left out of the housing scheme. This could reinforce the problem of unequal distribution in favour of those with the financial muscle or the most influential, to the detriment of the poorest in HC.

Again, outcomes of projects undertaken are usually dependent on the input of members. If members' attitudes towards the activities of the HCs are apathetic, the management may be compelled to take decisions on behalf of the team. This can lead to undemocratic decisions, which may not augur well for the HC as members could become discontented and this can run down the cooperative.⁵⁶

Notwithstanding these criticisms, HCs are widely acknowledged to offer some of the best opportunities for low income households to acquire decent and adequate housing using approaches tailor made to their socio-economic and cultural context.

⁵³ Saegert & Benitez, 2003

⁵⁴ Kamete, 2001

⁵⁵ Saegert & Benitez, 2003; Odelstierna & Stenbeck, 2005

⁵⁶ Odelstierna & Stenbeck, 2005

2.4.4 Factors constraining HCs efforts in providing affordable housing

The activities of HCs, are saddled with elements that constrain its efforts. High cost of land is one major constraint. Land is one major element in housing construction and often appreciates in value. HCs, particularly those for low-income earners are worse hit. In these circumstances, members already have limited income and usually not credit worthy, and therefore raising enough capital to secure land constrains the efforts of HCs greatly. Fruet (2005) recounts the case of Porto Alegre, where many HCs began housing construction illegally on un-serviced lands. Un-serviced land in the southern part of the city was the most obvious choice for many HCs as such parcels of land were relatively cheaper. This contributed to building incrementally, and later service the area fully upon completion.⁵⁷

Administration and management system in itself can inhibit the activities of HCs. Again, taking into account low-income communities where access to formal education may be limited, cooperatives are usually poorly equipped with the capacity to manage the cooperative, prepare business proposals for partnerships and even negotiate for better conditions on services with local governments. However, it is worthy of mention that HCs have been successfully managed by the teams that are considered less educated. In the case of Shayamoya Housing Association, South Africa, its provider of technical assistance, Rooftops Canada suggested that the board outsourced its administrative functions to a professional property administration company due to the HC's inability to collect monthly fees of beneficiaries of the 318 housing units.⁵⁸ The board rejected the proposal and have persisted successfully to be the collectors of the fees.

Considering that cooperatives rely on the subscriptions of members to undertake most projects, raising substantial amounts can be challenging. This is mainly the case of cooperatives made up of low-income earners. Kamete (year) describes a case in Zimbabwe where resource mobilisation and utilisation generated controversy among members, giving influential 'outsiders' the opportunity to meddle in the HCs' affairs. Actual and perceived corruption is usually a topical issue.

⁵⁷ Fruet, 2005

⁵⁸ Odelstierna & Stenbeck, 2005

In spite of the challenges that constraint the activities of cooperatives, their activities are usually to the benefit of its members, particularly, meeting the gap in the supply of affordable housing.

Chapter 3: The Cooperative Approach to Housing within the Greater Accra Region

3.1 Introduction

Cooperative housing is usually aimed at providing affordable housing for low to moderate income people, but can be adapted to any range of income groups. It is an alternative to informal sector and private real estate developers' provision. This chapter presents the experience of MBOs in affordable housing delivery. Their strategies, outputs and challenges encountered in housing delivery are discussed.

3.2 Character of MBOs

Credit unions formed 67% of organisations covered by this study. These credit unions were either workplace (87%) or community credit unions (13%) (See appendix 1). The differences in classification draws on their membership. Though voluntary, membership of workplace credit unions is open to only staff of an organisation or employer. All workplace CUs were formed between 1989 and 1998. The community CU was formed in 2009. The 33% of organisations covered by the study were staff associations. CUs had an average reported membership size of 1,323 members — ranging from a low of 430 to a high of 2,168 members.

Within the last 2 few years, public sector workplace CUs have opened up their membership to the general public due to advancement of available technology⁵⁹ in an attempt to increase their capitalisation. The efforts are also in line with a directive from the Bank of Ghana requiring credit unions to meet membership size requirements. For operational licenses, credit unions⁶⁰ must have a minimum membership of 150 members with a potential membership of not less than 600⁶¹. This implies that credit unions must either increase their membership or small ones must merge. All except one CU met the membership requirements.

⁵⁹ The general public make savings through mobile bankers who use point of sale devices.

⁶⁰ Medium to large credit unions can then apply to offer checking accounts.

⁶¹ <http://www.cuagh.com/wp-content/uploads/2017/03/Guidelines-for-Credit-Unions-in-Ghana-with-ref-Final.pdf>

In 2015, the Associated Teachers Credit Union opened up membership to the general public. The Tema Network of Teachers CCU and the Madina Teachers CCU opened up membership to the general public in 2013 and 2014 respectively.

Credit unions are sustained by monthly contributions by members and for workplace credit unions, contributions are made through a direct debit at the Controller and Accountants General Department in the case of public sector employees. In all cases, they are also given the option to make walk-in payments. One credit union offered members to make direct debit from their respective banks. The use of mobile money services was less reported⁶². For private sector workplace credit unions, contributions are debited directly from staff salaries. Direct debit ensures that all financial commitments are promptly met. Direct debiting is unable to community credit unions. They offered walk-in payments. They also had mobile banks who went run to collect deposits from members.

The remaining 17 percent of organisations were staff associations. These staff associations are labour unions formed to protect the interest of employees. For landed investments, sub-groups of interested members are formed from within the parent labour union.

3.3 MBOs Motivations for Housing Investments

Credit unions are passionate about helping their members, their families and low-income individuals overcome the hurdles to owning their first homes. This is expected to be done through the provision of home loans at low rates. Beyond this traditional activity, cooperative credit unions and staff associations are developing innovative strategies, and in some cases partnering with developers and mortgage institutions, to link their members to resources to aid them obtain lands and possibly construct their own homes.

⁶² Madina Teachers CCU at the time of this report are attempting to use the facility

The Ghana Co-operative Credit Union Association reports on its website that;

*“Members join the credit union for financial security - that is to be able to have access to funds in times of need. Secondly, owning affordable houses, the credit union assist members acquire land, building materials and putting up houses so that when they retire they may a place to stay”.*⁶³

While the participation of staff associations in housing matters is somewhat recent, that of housing cooperatives in Ghana has roots that date back to immediate post-colonial times. In the post-independence period, urban development professionals adopted experiences of cooperative housing models from developed countries as a means of promoting access to housing by low-income households⁶⁴.

Membership organisations are formed to achieve a particular aim by leveraging their buying power as a collective. Such objectives include protecting employee interests, achieving common goal within their local area, protecting trade interest etc. They are thus not profit oriented organisations. For landed investments, two motivations were identified — welfare and investment. By welfare, the acquisition was mainly to help meet the housing needs of members. As one respondent pointed out, “we seek to safeguard the wellbeing of staff members and if members do not have a decent place to rest after work then what welfare are we protecting?” Thus, for such acquisitions, no profit making is intended. As investments, organisations seek to make high returns on behalf of the funds of the collective.

The study identified 64% of organisations acquired land (and serviced in some instances) motivated by welfare only, investment only (9%), and both welfare and investment (27%). Member welfare was the main motive for venturing into housing. With the country’s persistent housing deficit, people are concerned with acquiring their own housing in a less expensive way. More so, housing is viewed as a source of wealth accumulation and a legacy for future generations. Thus, for all associations inspired by welfare of members, providing some of housing assistance is not an alternative way of raising funds. The welfare motive is popular among staff associations.

⁶³ <http://www.cuagh.com/credit-unions/members/benefits/>

⁶⁴ https://issuu.com/evavanpuvelde9/docs/compound_culture_revisited_part_1

Landed investments are arguably different from the original reasons for which the associations were formed but fall within attaining general welfare for members. None of the organisations was formed originally to venture into housing supply.

Involvement in housing arising from profit motives was popular among credit unions. Such profits would accrue to members as part of interest on their savings. Only two credit unions acquired land mainly on welfare grounds. The remainder were either as investment or both. For the Tema Chapter Network of Teachers CCU for example, in 2011 loan portfolios of the CCU were analysed. A key finding was that loans were taken largely for housing; land purchase and rents. So the CCU decided to respond. Since the union has no financial capacity to build houses, they decided to engage in land purchases. Members can access loans from the credit union to purchase the land and develop incrementally their properties.

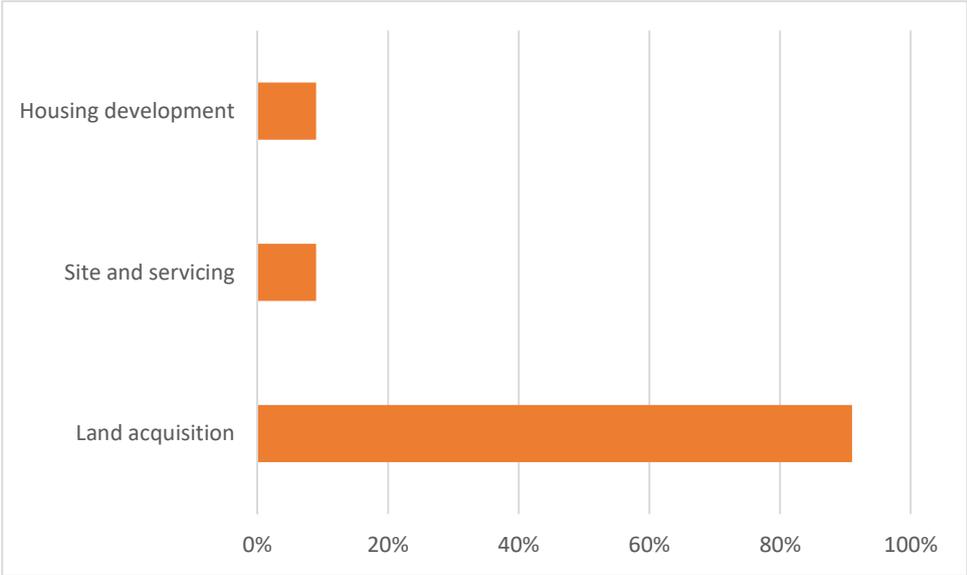
Despite their efforts there remain an unsatisfied desire for parcels of land by members for housing. “Several members are still asking for land and we are looking at the performance of the previous acquisition to determine the next step. We might establish a housing cooperative to take of these needs and decrease the risk associated with using the credit union for such transactions”; respondent, Tema Chapter Network of Teachers. There is substantial potential for credit unions to engage in landed investments. All plots of land purchased by the voluntary organisations were all sold out at the time of this study. With the exception of 2 organisations, all others reported additional request by members for more land. Opening up beneficiaries of these investments will open up the market size for these organisations.

3.4 Approaches used in providing affordable housing

MBOs used three major approaches; land supply, housing development, and site and servicing⁶⁵. Land supply was the commonly used approach (91%) among MBOs within the Greater Accra Region (figure 1). Only one organisation undertook both housing development and site and servicing.

⁶⁵ All CUs offered loan products to members which could be used to finance land acquisitions or development. Loans were general purpose loans and not a specific approach to leveraging housing supply.

Figure 1: Major approaches used by membership-based organisations in housing supply



3.3.1 Unlocking land supply

All land acquisitions were in peri-urban areas mainly around Afienya, Dodowa, Dawhenya, and Amansaman. Within the core urban areas, land prices are prohibitive and unoccupied lands are scarce. All land purchases were green fields. For the 86% of credit unions (6 out of 7 CUs) () who acquired parcels of land, purchases and land titles were in the name of the respective cooperative. The land is subsequently sub-divided into smaller plot sizes (70x100ft) and allocated to beneficiaries. Beneficiaries either have the total cost of the plot debited to their existing savings at once or they are given up to 24 months to pay in instalments.

Contrary to CU, land is not acquired out rightly by staff associations as member dues are insufficient for landed investments. To add, such acquisitions benefit only a subset of the parent union and thus dues cannot be used for investments that are not for the direct welfare of all members. Rather, the association enters into an agreement with land owners to accept periodic payments for the land. The association then levies beneficiaries who make monthly payments. These are mobilised and credited to the land owners until each beneficiary has paid off the cost of his/her plot(s) of land. Staff associations, maintained by member dues and subscription fees did not have to pay upfront the cost of the land. This arrangement was found to also be attractive to some land owners as it ensured continuous financial inflows over a relatively long period of time. One staff associated indicated; *“we are a very credible institution so the land owners were not afraid we will just disappear. They are also satisfied to receive*

period payments. They know that for the next two years or so there will be a steady flow of income instead of the usual one off payment.”

Table 2: Reported land acquisitions by voluntary organisations

No.	Organisation	Total Land acquired (acres)	Year of Acquisition	Membership
1.	Ghana Association of Cooperative Credit Unions	23.5	2009	
2.	Public Utility Workers Union - ECG Tema Regional branch	200	2007	500+
		23	-	
3.	GWCL Plot and Housing Scheme	150	-	
4.	Ghana Standards Authority	34	-	
5.	Madina Teachers Association Credit Union	12.6	2007	2,168
6.	Maranatha CCU	48	2013	430
7.	Tema Chapter of Network Teachers CCU	200	2012	
8.	ALUCCU	21	2004	639
		34	2005	
9.	TORCCU	23	1997	696
		28	2006	
		23	2008	
10.	Okaikoe Teachers of GNAT Association	Over 1000	2003-2015	
11.	Crocodile Matchets*			2005

As observed from table 3, voluntary organisations have over the years, put in significant efforts to take care of the housing needs of members. Parcels of land acquired range from a low of

12.6 to over a 1000 acres. On average, organisations purchased 128 acres of land. Plots from these allocations generally costs between GHC1, 500.00 to GHC2, 000.00. As observable from table 3, majority of these lands were purchased in 2007. This seem to coincide with the residential and commercial real estate market boom witnessed from 2007 onwards.⁶⁶

One organisation was observed to provide aside land acquisition, liaison services for members to either rent or purchase a property or land. Owners of properties and/or land contact executives who relay such information to members. Executives also from time to time scout for properties and inform members of available offers.

Since 2014, no new purchases were reported. This was due to two main reasons; challenges experienced with the investments. All but one CU reported challenges with land litigation. On why they will not go further into land acquisitions though they did not encounter challenges, the CU stated:

“We are afraid that maybe the next acquisition may not go well. You can run into litigations and these expose the union to a lot of financial risks. It can even result in the collapse of the union if it loses the case. If there is a litigation you may even have members coming for the savings.”

The Cooperative Credit Union Legislative Instrument (L.I. 2225) formally passed in 2016 and officially precludes credit unions from landed investments. The position and perceived vulnerability of CUs in land transactions by CUA influenced the position of the LI on landed investments. Two CUs were unhappy with the legal restriction on landed investments. One of these CUs — even with a court case indicated; *“CUA has been discouraging members from landed investments because of the risk involved in such investments. But, when members take the loans often their priority is housing. They go and acquire plots of land. When it doesn’t go well . . . liquidation, multiple sales, fraud . . . , the money is locked up. The credit union may not have its loan serviced as the member lose money and might incur so much additional costs in chasing the plot. . . . In the end he might not be able to service the loan he took and he didn’t also benefit from it. Meanwhile we as the CU are for the welfare of members. You tell me which is better? The credit union is more credible and the communal purchase minimises risks. Individuals are more exposed to all kinds of charlatan deals. So do we just chicken out?*

⁶⁶ <http://home.hfcinvestments.com/file/mf/HFC%20%20REIT%202015%20ANNUAL%20REPORT.pdf>

For these CUs there are alternative ways of dealing with the challenges and these should be exploited than the outright ban.

Staff associations are not affected by the LI 2225. Okaikoe Teachers for instance is still acquires new lands for members.

Level of development of lands

It was observed that, CUs and staff associations’ lands did not purchase lands for speculative reasons. Rather, acquisitions are to meet member demand. All purchased plots were allocated at the time of this report. Indeed members are encouraged to put up structures on their plots to prevent encroachment. But since the active role of MBOs terminated after allocation and issuing indentures as the case may be, development of the land is up to the financial strength of a member.

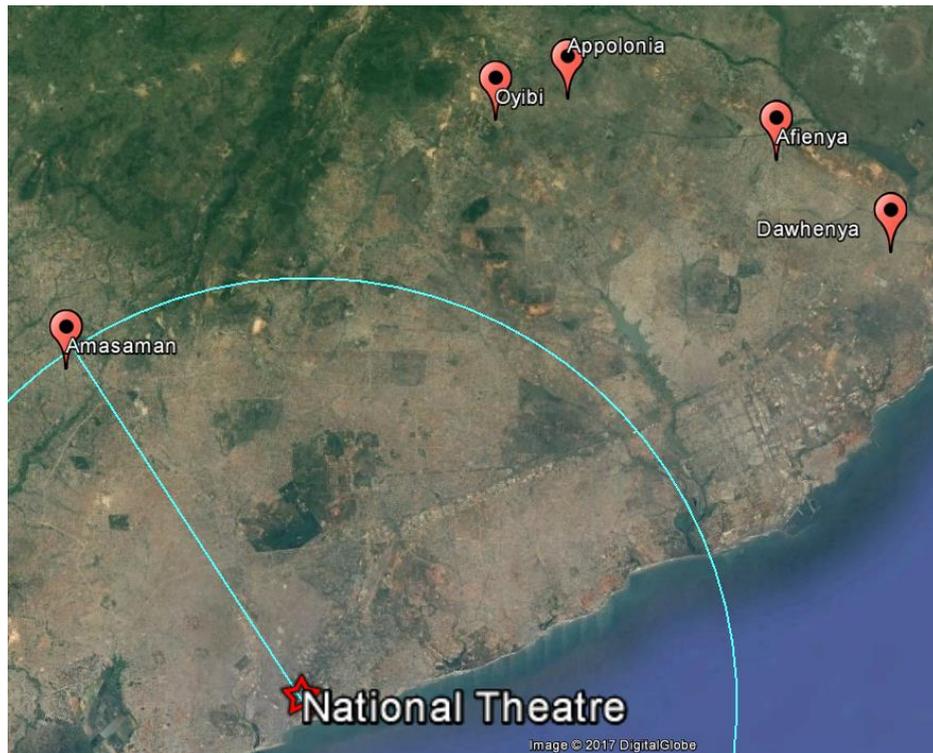
Figure 2: Signage for lands acquired by staff associations





Unlocking land supply by voluntary organisations leverages the power of the collective to negotiate and secure access to land. And this approach offers more secure access to land than engaging individually in the land market. Such joint purchases also mean that their interest in land is indirectly vested and protected by the collective. Mass land acquisitions for housing however, seldom extended into on-site infrastructure provision. In all purchases observed, none of the collectives with the exception one serviced their plots as a collective. All others intended to rely on public provision of both off site and on site infrastructure. This situation is attributable to the very high cost of providing such services. The cost implications of such services were out of the reach of both CUs and staff associations.

Figure 3: Major sites of purchased parcels of land



Rules of allocating plots

It was found that beneficiaries of plots of land were largely members of the organisation irrespective of the motive of land acquisition. For welfare purposes, allocation is restricted to only members with the exception of TORCC which allowed non-members to acquire plots but through a registered member whose membership and savings served as collateral. Allocation was on a first come, first serve basis and financial capacity. This was the main criteria for allocation. Only ALUSCCU added additional criteria including duration of membership (must have joined the CCU for not less than 6 months), existing loans with the CCU should not be more than twice the value of a member's savings, must have savings valued at least half of the cost of plot(s) requested.

As an investment or both welfare and investment, purchase could be done by non-members in principle. But due to size of acquisitions it turned out that all beneficiaries were members of their respective organisations. Only one organisation actually made a provision for non-member acquisitions. The Tema Chapter Network of Teachers CCU, gave opportunity to non-members and even corporate organisations to participate in the purchase of up to 4 and 12

plots respectively. Plot purchases were however subject to screening which involved review of financial standing, credibility of corporate body etc.

Box 3: Box 1 Experience of Beneficiary – CUA

The beneficiary joined the CUA head office as a staff in 2010 and purchased 1 plot of land in 2011 from a 23.5-acre land bought by CUA at Dorinyo. She bought the parcel from someone who was selling but later also resold hers as the site was too far for her. She then bought one plot at Kasoa sometime in 2012.

Since then she has been developing the site for the past 6 years. She is currently (at the time of writing this report) completing the fittings. The project was financed entirely with loans from KAMCCU Co-operative Credit Union (Ghana) and through personal savings. She takes a loan for each stage and after repaying the loan she takes another loan for the next stage. From the credit union, one can only take a loan worth twice the accumulated savings. She is not really concerned about the cost of borrowing as long as it can meet her present needs. The beneficiary has never tried loans from other sources of housing finance aside from the credit union. In her opinion, the credit union concept has been very beneficial in her pursuit of own housing. Loans from the union are also relatively cheaper than from traditional commercial banks. She has been a member of KAMCCU since 2010.

She has never rented long term housing before and she sees the cost of housing in Accra as very expensive.

Recommendations for enhancing credit unions as an alternative for housing delivery

- She needs to increase her own savings with the credit union to enable her borrow more
- Credit unions could develop specific loan portfolios for housing development. But she opposes the idea of credit unions engaging directly in housing delivery as their capital is based on member savings. Such funds could end up being locked up if anything goes wrong. It also takes a long time to recoup such investments.

3.3.2 Site and servicing

Only one organisation, Aluworks CCU amongst those interviewed serviced their Dawhenya plots. Roads, drains, electricity and water connections were provided on site in collaboration with service providers. The credit union, which has title to the land financed from its resources the pavement of roads, water and electricity extensions on the site from its resources. ALUSCCU assumed ownership of water mains to defray their investment cost through recovery charges. Thus any developer or individual must pay to the CU in order to connect to the water network.

3.3.3 Housing development

Aluworks CCU was also the only MBO that progressed into housing production for members. All others either wanted to supply only lands or efforts at obtaining financing yielded no positive results.

In 2008, ALUSCCU awarded a contract for the construction of an initial 22 houses (2-bedroom and 3-bedroom detached houses) on 90 plots of land at Kofikope, near Afienya. Per the contract, the contractor was required to provide the construction finance and the properties were to be completed within 3 months. Mortgages were to be arranged for beneficiaries from a finance institution to be repaid within 15 years. After 3 months the houses were not ready and finance institution withdrew from the arrangement as the delays meant a higher interest rate and risks which the institution did not want to incur. Eventually, the houses were built but were “small” in size than the expectations of beneficiaries. A protracted court case ensued with the contractor attempting to compel the credit union to pay for the homes. The case ended in 2015. The credit union was absolved by the court of all financial obligations demanded by the contractor and beneficiaries given up to 15 years to pay for the properties by instalment.

3.3.4 Financing

Only credit unions provided financial assistance for members. Financing cuts across land acquisition to property development. In all cases as captured by this study, beneficiaries could access loans from their credit union to pay for the plot and also for to develop the property. Conventional to credit union lending, loan amounts were not supposed to exceed twice the

value of a respective borrower's savings⁶⁷. After paying off loans, a member is eligible to access another loan. All loans offered by credit unions were general purpose loans that could be disbursed at the discretion of the borrower. A CUA beneficiary interviewed by this study intimated that both her plot of land and house which was at lintel level on the plot were financed largely with loans from the credit union.

In all, 33% of MBOs reportedly made attempts to secure construction finance or mortgages for members. No successes were however, reported in obtaining financing. The main constrain was high interest rates on finance packages.

⁶⁷ Credit union regulations in the country do not allow members to borrow more than twice the value of their savings.

Chapter 4: Discussions

4.1 Character of cooperatives

The findings of the study suggest that housing cooperatives similar to that in the United States do not exist in the study area. Rather the Ghanaian MBOs bears some semblance with the cooperatives in Brazil and Zimbabwe. The Ghanaian case however, has a different character as found in these two countries in that these organisations were not formed primarily for housing investments. Rather, acquiring land for housing became additional responsibilities these MBOs assumed in response to member housing needs.

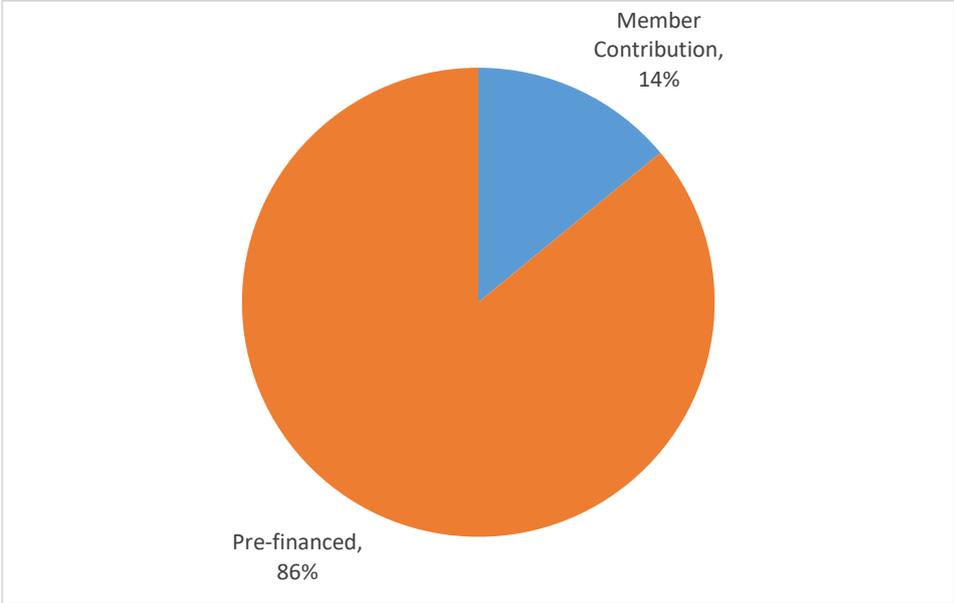
Aluworks CCU was the only organisation that fostered partnerships for landed investment. As its initial objective was to purchase and develop properties for members, it engaged Ghana Home Loans now a financial house to provide mortgages to qualified members. A developer was also engaged to develop the properties at their site. Their Dawhenya site is serviced with water and electricity in collaboration with public utility service providers. The CCU also awarded and financed the roads and drainage at site to a private contractor. The Staff Association of Ghana Water Company Ltd also made attempts at obtaining financing for housing but efforts proved unsuccessful as terms of agreement were often unfavourable fore members. While the association expected reduced rates based on their collective numbers, mortgage institutions insisted on lending to the association at commercial rates and in some instances wanted full access to their provident funds.

4.2 Financing Mechanisms for delivering affordable housing

Credit unions used available member savings for undertake landed investments. They negotiate and pre-finance the land acquisition; prepare a site plan and sell out the plots to interested members as loans. Beneficiaries can pay in full the amount due or in instalments. After complete servicing of loans, indentures are issued to beneficiary members. Credit unions usually terminated any active involvement with the lands at this point. Individual beneficiaries are allowed to commence development of their respective sites once at least half of the price of the plot(s) is paid. They can also obtain loans from the credit union for such purposes.

By pre-financing land purchases, credit unions were also liable to the cost of demarcating, titling and securing access to the land. Any arising litigation issues and associated cost in were internalised as the lands were registered in the name of respective credit unions.

Table 3: Means of financing landed investments



No CU offered specific loan products for housing development. TORCCU reportedly offered a housing loan in the 1990s but discontinued such loans when conditions, such as the restriction of participation to only permanent staff with more than 10 years of service, were put in place. The requirement meant less staff qualified for such products. The limited number of loans constrained the potential of the CCU to make significant returns on loan products.

The approaches employed in unlocking land supply by staff associations differed from what was observed for credit unions. These organisation negotiated with landowners to make lump sum periodic payments to owners.

4.3 Benefits of collective land acquisitions

All membership-based organisations cited security of tenure arising from the communal acquisition of land as a great benefit from such investments. Organisational status not only adds credibility to land transactions, but members trust their leadership to prudently manage their financial resources. The research also found the land owners trusted organised groups to go to the extent of allowing payments by instalments. For example, ECG Tema stated that *“they know that ECG is a very credible and reliable institution. Everybody knows ECG and they know*

we will not just disappear into thin air". This would otherwise not be the case if they went to acquire the land individually. With their collective bargaining, membership groups are also better able to negotiate favourable deals with land owners.

For credit unions who ventured into land as investment, the high demand offered opportunities for obtaining some profit margins for their cash books. However, though all plots of land were sold out, further investigation is needed to determine the extent of profitability of such investments.

From an urban planning perspective, acquiring several acres of land together offers opportunities for better neighbourhood planning, development and control. Local planning authorities can deal with the association as a collective and adequately advise and supervise planning of their neighbourhood. These associations could also obtain land titles, documentation and permits as a collective.

4.4 Challenges faced by voluntary organisations in landed investments

Land disputes is the most reported challenge that affected all except one organisation in their landed transactions. Litigations manifested in several forms, ranging from multiple sale of land, contestation of ownership by different families/traditional authorities, resistance from charlatans, long duration of litigation by the courts. For example, between 2000 and 2006, TORCCU purchased land at Afienya. It later emerged there were disputes of ownership between two landowning families and even a third party who was apparently sold some eight acres out of TOR's parcel. The court case was finally settled in 2012. For Associated Teachers, their attempt at unlocking land supply was constrained by litigation. The transaction was stalled by sale of the land they acquired land to multiple parties. The land owner subsequently agreed to refund their payments but in instalments. They are still trying to retrieve monies paid. For CUA, their lands had to be fence-walled to protect them from encroachment.

Such incidents dissuade members from making full payments for their plots. ECG Tema for example stated that members were currently reluctant to honour their full financial commitments. Rather they were waiting to see the outcome of the protracted court case. It also increases significantly the cost of the land; due to the costs involved in securing land, battling court cases and so on. Long durations to adjudicate litigation issues also increases costs for credit unions who must internalise such unanticipated costs. For most staff associations,

since such cost was not initially anticipated, this means going into renegotiation with land owners on the one hand and beneficiaries to take up the additional costs on the other. In the case of ECG Tema for example, cost of land had to be reviewed more than three times as at the time of this report and there is still a pending court case.

The litigation issues exposes these voluntary organisations to serious vulnerability as member contributions are used for such investments. The costs associated with securing lands which is often internalised by credit unions often results in disagreements among members as some are not beneficiaries of such acquisitions. It is for these reasons that both the CUA and the Bank of Ghana discourage credit unions from landed investments.

All the membership-based organisations covered by this study expressed their intentions to venture into actual housing production but the cost of borrowing remains a huge disincentive. At an average of 32-35% p.a., the cost of mortgages is outside the reach of these organisations. Four organisations that made attempts to secure mortgages for interested members were unsuccessful due to associated cost.

There is a huge unsatisfied demand for land which credit unions could profit from in diversifying their portfolios. Restrictions by the LI 2225 however means credit unions can no longer take advantage of the high demand for land.

For staff associations, the current financial market is not conducive for borrowing for housing developments. Such associations can be viewed as customers with low risk profiles yet they have to borrow at high market rates. It appears, their collective bargaining does not add leverage to the risk perception of financial institutions.

Finally, voluntary organisations did not have necessary experience and technical expertise to venture into landed investments. This is attributed in part to the fact that, the housing functions of MBOs emerged organically in response to member needs. The survey observed for example that board members were often selected from among members. Since the voluntary organisations were formed along lines of employment, members possessed similar skill sets. Contracting technical aspects of land acquisitions were not observed to be out sourced. Instead internal committees are formed. In Egypt and India, where HCs are given preferential access to

public lands and other public support, challenges associated with land acquisition are largely reduced. As one interviewee put it *“government could just acquire the lands and sublet to us. When you are dealing with government lands, you know you are safe. You are not afraid of any litigation issues or possible fraud. I think if this is done, private developers will feel more secure dealing with us. Even the LI restriction on landed investments by CUs could then be reviewed.”*

4.5 Recommendations

CUs are currently advised by their parent association and are legally no longer permitted to venture into land acquisitions or any related activities. Thus, without any revisions to the law, CUs can only offer loan products to interested and qualified members to acquire their plots individually. The regulatory position on CU should be reviewed to allow CUs meet the “welfare needs of members”. Alternatively, CUs could be encouraged dedicated housing cooperatives supported by relevant state mechanisms.

The following recommendations could ensure that challenges with landed investments are minimised to make land transactions viable options for CU. The recommendations also attempt to point an alternative way for regulators rather than a total ban. For staff associations, they could be seen as ways to further enhance their activities in the land and property market.

4.5.1 Improving access to land

The main challenge faced by MBOs as identified by this report is securing access to land. Though such risks eventually resulted in the exclusion of o ensure the safety of investments, ongoing land reforms in the country (Land Administration Project) need to respond adequately to transparency in ownership of lands and transactions in the country. Similar to the situation in India and Egypt, public authorities — local governments and sector ministries to acquire lands which could be given to HCs for development. Even without preferential discounts, such an arrangement will drastically reduce the vulnerability of MBOs in land transactions. MBOs demonstrate their willingness to acquire such lands even at market rates.

4.5.2 Home finance and risks

Collective borrowing offers additional security to the transaction. Within this research however, in accessing financial products developing homes, the additional security offered by

collectives added little to the risk perception of lenders. New mortgage products, modelled according to incremental practices — staged payments common within CUs would not only lessen risks associated with mortgaging but offer less financial pressure on borrowing members of CUs. Members can always take a mortgage product to complete a phase of the building project and resort to additional financing once the existing debt is serviced.

To reduce risks associated with landed investments by CUs themselves, interested CUs could establish subsidiary wings i.e. housing cooperatives to focus specifically on housing delivery.

4.5.3 Technical expertise in landed and property investments

Landed investments are significantly different from the traditional investment products of CUs. For staff associations such transactions, especially large scale acquisitions and management poses technical challenges to their expertise. CUA and / or the Department of Cooperatives could develop an in-house resource centre to provide necessary expertise and guidance to CUs and HCs. Such services should include cost recovery mechanisms, building and construction technologies, financial engineering of investment and legal support. Joint ownership and operation of such a facility would reduce the cost that would otherwise have be borne by individual CUs.

4.5.4 Physical planning

Communal development of properties should be encourage vis-à-vis the common single detached housing units. Height zoning could be used to prevent further extensive sprawl at the cities' peripheries. Though this might increase cost implications for project owners, the Amui Djor housing project provides some useful lessons about going around such challenges. Cooperative housing schemes should be encouraged to development rental units.

4.5.5 Developing Partnerships

An enabling environment for MBOs, which local governments can facilitate. Evidence from the case studies point to the ability of MBOs to move beyond the acquisition of land to the provision of services, and in some extreme cases, negotiating broader support from developers. Local government can assist in this process, particularly, through encouraging xxx

4.6 Conclusion

This report demonstrates the huge potential for MBOs to serve as alternative pathway to affordable housing supply. Not only do MBOs offer security through communal land acquisitions, MBOs could collectively bargain for land which offered additional benefits to individual plot acquisitions. MBOs could profit from the high demand for residential lands within the Greater Accra Region while meeting members' housing and welfare needs. But their operations in the low income housing market is constrained. Existing regulation and land litigations bedevil their interventions particularly that of CUs. The need to further understand the sector is established rather than an outright prohibition. Recommendations provided in this report provide a way to enhancing the volume of outputs delivered by this housing supply trajectory.

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Appendix 1

Table 4: Cooperative Credit Unions and Staff Associations: Types & Membership - 2017

Name	Type of Credit Union	Year of Establishment	Current Membership	Type of Membership
1. Ghana Association of Cooperative Credit Unions	Workplace	1968	-	Co-operative credit union
2. Public Utility Workers Union - ECG Tema Regional branch	-		Over 500 (number of junior staff members)	Staff association
3. GWCL Plot and Housing Scheme	-			Staff association
4. Ghana Standards Authority	-	1967		Staff association
5. Madina Teachers Association Credit Union	Workplace	1989	2,168	Co-operative credit union
6. Associated Teachers Credit Union	Workplace	1996	2,000	Co-operative credit union
7. Maranatha CCU	Community	2009	430	Co-operative credit union
8. Tema Chapter of Network Teachers	Workplace	1998	-	Co-operative credit union
9. ALUWORKS Staff CCU	Workplace	1997	639	Co-operative credit union
10. TORCCU	Workplace	1991	696	Co-operative credit union
11. Crocodile Matchets Employees CCU	Workplace	1998	2005	Co-operative credit union
12. Okaikoe Teachers	-			Staff association

Source: Field Survey, 2017