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HOUSING CO-OPERATIVE SOCIETIES.

as a source of finance
for low-cost housing

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Introduction:

With reference to an earlier paper "Financing of Housing in Kenya, some major issues" the purpose of this paper is to elaborate further on the implementation of the policy as far as Housing Co-operative Societies are concerned. The frame of reference is the present conditions of such societies in Kenya with emphasis on those societies, which primarily cater to members in the lowest income groups and therefore interested in providing low-cost houses i.e. housing units in the range of Sh. 3,000/= to Sh.10,000/=.

As will be seen from the following the H.C.S. in Kenya are quite distinctly divided into two groups, one in the process of building low-cost houses, and the other having built medium cost houses in the past, but not building at the present, but still functioning as societies.

It is the aim of this paper first to describe the characteristics of these societies, to evaluate the contribution they have made to housing as such and more particularly how their potential of mobilizing resources, especially for low-cost housing, could be exploited in the future.

As an appendix to this Paper will be a list of existing societies as at January 1st, 1968 giving details of each to the extent we have been able to collect them from Department of Co-operative Development. It is worth noting that out of the 14 registered societies- and the Department of Co-operatives knows of none unregistered - 8 are Asian societies concerned with medium and high-cost housing. Of the 6 African societies, one is without money because of fraud, and one is in liquidation, which leaves only 4 viable societies in the low-cost housingsphere. One of these also receive funds from a religious foundation and is therefore not of immediate interest.

Existing Societies.

The three remaining societies are in some respects atypical as co-operative societies and all of them have been registered lately and have therefore not had time to prove themselves successful or otherwise as yet.

A short description of each of them will illustrate some of the major problems facing such societies.

The Gikomba Building
Co-operatives Society:

Was started in 1963 by the present chairman and 9 other members living as illegal squatters in the Gikomba area of Nairobi. The purpose was, and still is, to provide low-cost housing for members who are living at Kariobangi, after the eviction from Gikomba. At Kariobangi the members who are self-employed or casual labourers were allocated plots in the "City Councils Site and Service Scheme" along with many others. It was made a prerequisite for membership that a person should hold a plot in the Kariobangi site and service scheme.

The society was registered in 1965 and membership had increased to 50 by July 1966. Recently some members have been expelled because they sold their plots. From contributions (shares and membership fees) the Society has been able to collect enough money to build, initially, one house at the cost of Shs.14,800/-. The house (cement floor, stone walls, corr. iron roof) is of 740 sq. ft. divided into three sections of two rooms each. The house was subsequently let to three non-member families for Shs. 120/- each, which after payment of plot-rent and water charges (30/- + 30/-) brings a net revenue for the society of 360/- less 60/- = 300/- per month. With this income and additional subscription of shares the society has now been able to complete another two houses, which are also let to non-members on the same conditions. A fourth house is nearly completed. Half a dozen houses are at various stages of completion (1).

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- (1) This rather wasteful approach to construction was due to a misunderstanding in that the plot holders were told that if the plots were not being developed, they would be confiscated by the City Council. This has been waived by the City Council in the case of members of the society.