The Cooperative Housing Sector in Angola

by: Development Workshop Angola
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Introduction:
Angola’s National Urbanism and Housing Programme (PNHU) identified Cooperative Housing as one of the four key strategies adopted to meet the country’s deficit of more than one million dwelling units. The PNHU set a target for the construction of 80,000 cooperative housing units or 8% of the planned one million dwellings in the period up to 2015. Cooperative housing in Angola has roots that date back to colonial times when models were drawn from Portuguese cooperative traditions. In the post independence period after 1975, urban planning professionals returning home from training in eastern European, formerly socialist countries, brought back experience of cooperative housing models from countries where they studied or visited.

The current paper discusses the housing policy environment in Angola, the basic principals of models of cooperative housing and how the cooperative model was applied in Angola. A case study of Angola’s largest housing cooperative is presented. The challenges of implementing this project are discussed in the context of the evolving Angolan policy environment and the financial constraints that were encountered.

Angolan Housing Policy:
Housing has become a priority development issue in Angola in the years following the end of the war in 2002. In 2008 the State President announced a first National Housing Development program aimed at the building one million housing units before 2015. The program aimed at responding to the Millennium Development Goal challenge but also post-war popular demands for housing. The National Housing Development Program aimed at engaging multi-actors in the effort, with the state assuming 11% of the responsibility, the private sector 12%, cooperatives 8% and owner-builders taking on the major share of 68%.

An official housing policy (Resolution 60/06) was first approved in 2006 guaranteeing the universal right to housing. The Framework Law for Housing (Law 03/07) was subsequently passed to promote public and private housing policies through:
- the definition of new criteria of human settlement and the construction of new bairros (neighbourhoods) and cities
- the regulation of a system of fiscal incentives
- the regulation of a system of credit for housing
- the promotion of raising public or private funds for housing
- the promotion of public or private partnerships in the field of housing
In 2007, the Government decreed the creation of state reserves for the construction of 'new housing complexes', *Centralidades*, within the capital metropolitan region. The Law identifies four different housing types: urban or rural houses; social houses; market-rate houses; and self-built houses. It also proposed the creation of a Housing Development Fund\(^1\) for “all public, private and cooperative entities that promote the construction of social houses and for citizens in general”.

Subsequent to the legislative elections of September 2008, the government announced a plan to build one million houses throughout the country by 2012. The National Urbanism and Housing Programme was officially approved in 2009 through Resolution 20/09. The Programme aimed to benefit an estimated 6,000,000 people across the country (all the government’s calculations are based on an average of 6 persons per household).

The target of one million homes was initially broken down into:

- 115,000 dwellings - intended for the public sector
- 120,000 dwellings - intended for the private sector
- 80,000 dwellings - intended for cooperatives
- 685,000 dwellings - intended for self-built homes (265,000 rural and 420,000 urban homes)

**The Case for a Cooperative approach to Housing**

Co-operative housing is usually aimed at providing affordable housing for low to moderate-income people, but can be adapted to any range of income groups, from people living in high quality inner city new built housing, to very poor people coming together to build houses by self help or mutual aid\(^2\). Co-operative housing is an alternative to conventional commercial or public housing models where projects are owned and controlled by the residents who use their services. Cooperative housing combines most of the advantages of home ownership with the economy and stability of large scale enterprise\(^3\). The co-operative model gives residents democratic control of the property in which they live, giving them a greater say over the management and maintenance than they would otherwise have as tenants. Residents also decide codes of conduct and rules of membership. In brief, the co-operative model is based on a combination of rights with responsibilities and a respect for mutualism.

A housing cooperative forms when individuals create a non-profit corporation to own the building in which they live. As a member of the cooperative, individual residents hold an ownership share in the corporation, which entitles them to a unit in the dwelling. Residents themselves run the co-op from electing a board of directors, hiring managerial staff and setting membership requirements. "The housing cooperative is a legal association formed for the purpose of providing housing to its members on a continuing basis. It is owned and controlled

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\(^1\) Fundo de Fomento Habitacional (2009)


\(^3\) Yourman - (1947) Some Legal Aspects of Cooperative Housing
by its members\(^4\). Membership also requires compliance with the terms and conditions of the cooperative. A definite capital contribution is assigned to each dwelling unit and each member buys the shares or pays the fee placed upon the unit he selects for occupancy. The monthly charges are fixed to provide the amounts necessary to meet current operating expenses, make the required payments on the debts of the organization. It is distinguished from other housing models by its ownership structure\(^5\). It answers some or all of the following aspects:

- (1) security of land ownership or making sure that the person’s rights to live on a piece of land is not disturbed or threatened by eviction;
- (2) presence of infrastructure such as roads, transportation, water system and open spaces;
- (3) construction and maintenance of houses and common areas and
- (4) management of the housing facilities which have been constructed.

Different forms of housing co-operatives are situated within the respective national housing policies and can be differentiated with respect to the sources of capital and the source of initiative. These dimensions also effectively describe the basic orientation of co-operatives between market housing and social housing.\(^5\) (see Annex 1 for a description of alternative housing cooperative forms)

**History of Angolan Housing Cooperatives**

The colonial and post-colonial experience influenced the public attitude to cooperatives, the way cooperatives operate, and the way external patrons such as governments and the donor community relate with them. Though cooperatives in Africa have their origins in foreign models that were largely designed to achieve exterior motives, they have been proposed as one of the main forms of popular economic and social organization for the alleviation of poverty. While cooperatives were first introduced to Africa in the colonial era, they introduced mechanisms that could foster development, including legal frameworks, promotional schemes and funding systems. These colonial efforts set the tone for cooperative development in Africa. The cooperative sector thus did not emerge as a home-grown or spontaneous movement but rather as the result of colonial social and economic engineering. Hence, right from the beginning the cooperative sector in countries like Angola had little or no links with existing pre-colonial, “traditional” or endogenous transaction systems in the realm of solidarity or village-customary economic relations. Co-operativism is the result of deliberate policy-making by state authorities that tapped into and borrowed from international experiences in cooperative development\(^6\).

In Angola as in most African countries “modern” cooperatives were introduced by the colonial power who sought to replicate its domestic cooperative structures throughout their colonies and protectorates\(^7\). Portugal was the second European country to recognise the importance of the cooperatives in the law passed in the Parliament in 1867\(^8\). Though the legal framework for cooperative development in Portugal their colonies benefited from the enabling legislation on

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\(^4\) National Confederation of Co-operatives, 2004: 9 & 11; Rooftop Canada Resource Centre, s.a.: 3
\(^7\) ILO (2014) Brief History and Current Status of Cooperatives in Africa, (p.2)
\(^8\) Cf. Costa (1978) Lei Basilar, Andrade Corvo 1867. p.16
cooperatives of 1888. Until independence in 1975 the Portuguese colonial administration applied housing and planning laws in Angola similar to those adopted in their home territory.\(^9\)

During the first Portuguese Republic (1910-1926) the political support to the cooperatives encouraged the expansion of the sector within a generally liberal environment. By 1926, there were in Portugal 336 cooperatives (Cf. Granado, 1998: 53). However the political regime, following the 1926 Portuguese military coup d’état, was not favourable for cooperative development as it negated the basic principles and values that underpin the latter namely, freedom of association; democracy; and autonomy. The abhorrence of the New State (1926-1974) to the cooperative sector had strong political overtones. Most cooperatives were associated to the workers’ movement and were seen as potential spaces for the spreading of dissident ideas that could pose a threat to the regime.\(^10\) Portugal was a corporativist state with an economic and social structure that was appended to state-based corporations; thereby subordinating all civil society organizations, including cooperatives. Consequently, cooperative legislation was very restrictive and foresaw a heavy intervention of the state. In Angola and Mozambique, agricultural cooperatives were merely functional appendages of rural extension work of semi-public agencies such as the Coffee Institute of Angola or the Cotton Institute of Mozambique. Women make up a proportion of the membership of cooperatives, but – due to their lack of formal schooling – were seldom appointed to posts as directors or officers. Because of state interventionism and quasi-monopoly, only big firms were able to set up viable cooperatives and associations. Such cooperatives were involved in export marketing or service delivery or credit provision.\(^11\)

In Portugal and its colonies, the Salazar dictatorship, gave housing policy little attention and showed little interest in addressing urban problems. The characteristics inherent to the dictatorial regime, were an absence of civil liberties, centralization of the State, inertia and obstacles to political reform.\(^12\) Housing co-operatives played a marginal role. They were tolerated by the state but were not supported because their democratic, egalitarian and open philosophy was contrary to the authoritarian and centralizing state. After the World War II the cooperative movement, experienced a period of revival, marked by the endeavours to rehabilitate itself through the publication of the Cooperative Bulletin.\(^13\) The New State produced several laws to counter such moves. (Cf. Almeida, 2005:57). Despite the efforts of the New State to stifle the cooperative movement there were a number of attempts to generate new associations. The first building of housing co-operatives began at this time in Portugal and its colonies Angola and Mozambique. These housing cooperatives were more associations of people than real enterprises. Members paid a monthly contribution until they were allocated a unit. Allocations were made according to different selection modes and there were no formal rules regarding the disposal of units. Since there was no state financial help, members had to have the financial capacity to pay for the entire cost of the unit. This had the effect of excluding low-income people.

\(^10\) The Decree Law nº 22513, of 12/05/1933 excluded cooperatives from tax exemptions (Cf. Almeida, 2005:57).
\(^13\) Boletim Cooperativo (1951) and the organisation of a general cooperative congress, the Reunião Magna, in 1956.
The lack of housing policy to cope with new migration into the metropolitan areas in 1960s and 1970s, and overspending with the war by the colonial administration resulted, in an increase in precarious housing and the growth of slums. State intervention came late in the colonial period. During that period, the housing co-operatives applied political pressure to get financial assistance from the state. In 1969, the Housing Development Fund was created. Within the fund, a co-op housing technical service called SAL – Sector de Apoio às Co-operativas - was set up. The Secretary of State for Housing and Public Works was created and changes were made in the law of the land and the construction of houses, in addition to the encouragement of the cooperative sector. Housing cooperatives were subsequently launched in Angola. One of the most important housing cooperatives in colonial period was called Lar do Namibe. It had about three thousand members\textsuperscript{14}. However, the participation of cooperatives in housing was limited in Portugal and its colonies of Angola and Mozambique, representing less than 1% of production licensed houses\textsuperscript{15}.

In most post independence African countries, cooperatives remained high or even came higher on the political agenda, irrespective of their colonial tradition. In Angola, as was the case in the colonial period, government sponsored and government-controlled cooperatives remained the norm. The post-independence cooperative sector lost most of its voluntary character and strictly became subject to political and ideological imperatives\textsuperscript{16}. In socialist countries like Angola and Mozambique, cooperatives became largely responsible for the distribution of so-called ration commodities. The evolution of cooperatives in Angola mirrors the changing relationship between cooperatives and the state. In line with the policy to make cooperatives key actors of development, practice fortified the role of the “registrar” or “commissioner”, enforcing vertical structures, granting tax exemptions, monopolies, preferential budget allocations and other privileges, redefining membership criteria, etc. In general these practices strengthened the authority of the state over the cooperative movements\textsuperscript{17}.

In 1985 a cooperative housing model was developed by the Sambizanga Project in Luanda\textsuperscript{18}. The "Cooperative" functioned mainly for the regularization of land tenure and collective procurement of housing inputs such as materials and labour, but had no facility for collective ownership since there was no legislation in place for housing coops. The cooperative was established to support the process of “Auto-Construção” or self-help owner-controlled incremental house building, that encouraged mutual assistance, aspiring to evolve into higher forms of co-operation in the future. The cooperative initially had a mere twenty families as members, but had accumulated a long waiting list. A second phase involved forty housing lots that were marked out and allocated to coop members for self-help building.

After 1990 single-party regimes such as Angola’s were confronted with ever growing calls for democratic reforms and popular participation. In the subsequent period of liberal reforms, governments generally, reduced the role of the state in cooperative development to purely

\textsuperscript{14} Henriques da Silva (2015) Interview with the founder of the Lar do Patriota Cooperative, Development Workshop (unpublished)
\textsuperscript{15} RO Barreto. et al (2010)
\textsuperscript{17} ILO (2014) p.8
regulatory functions such as registration. With the beginning of the structural adjustment era and because of disappointment and frustration in slow moving projects, development partners had almost completely abandoned cooperative development as a target and instruments of their cooperation policies, and focused on the promotion of individual small enterprises instead. The combination of those events, i.e. the sudden removal of state support and subsidies and state protection led to the rapid collapse of most state-sponsored cooperative movements in Africa.

Legislation on housing cooperatives was drafted in 2010 but not yet implemented, lacking the publication of specific by-laws and regulations. The draft law makes provisions for exempting cooperatives from paying any taxes on their incomes. Likewise, the state will assist cooperatives by making land available from the state reserves intended for housing. These plots of land will be made available with basic infrastructures properly installed, although the cooperatives themselves may also parcel up and urbanize the land. The state will also assist cooperatives by swiftly issuing the necessary surface rights, and construction permits as well as other licenses. The state has committed itself to making public funds available, as well as to provide preferential funding to cooperatives with at least 100 active members. Houses within the cooperative may be classified as individual or collective property. The prices of houses must correspond to the sum of the following values: cost of the land and infrastructures; cost of the studies and projects; cost of the construction and complementary equipment; administrative and financial costs related to the execution of the works; and the cost of all licenses and taxes paid until delivery of the house. The deposit for the house may not be higher than 10% of the sum of these total costs.

Several housing cooperatives were initiated in Angola in the post-conflict reconstruction period after the end of the civil war in 2002. Table 1 compiles basic data on the development of housing cooperatives in Angola from colonial times to the present. Due to the lack of a formal registration system for housing cooperatives, there is no central source of information on the

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20 Ibid – p.4.
21 Macauhub (2010), Angolan government targets real estate sector, 3rd May 2010, macauhub.com.mo/en/2010/05/03/9012/
sector and the table was compiled from a literature and media review as well as interviews with key informants.

Table 1: Summary of Angolan Housing Cooperatives (from media sources and interviews)

<table>
<thead>
<tr>
<th>Name of Cooperative</th>
<th>Location</th>
<th>Year Launched</th>
<th>Units Planned /completed</th>
<th>Beneficiaries Targeted</th>
<th>How Financed &amp; Built</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lar do Namibe</td>
<td>Namibe</td>
<td>1960s</td>
<td>3,000/na</td>
<td>Middle class</td>
<td>Colonial era</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Self-built dwellings</td>
</tr>
<tr>
<td>Sambizanga Project</td>
<td>Luanda</td>
<td>1965</td>
<td>60/20</td>
<td>Low income</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>slum dwellers</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Sites and services,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>owner built</td>
</tr>
<tr>
<td>Lar do Patriota</td>
<td>Luanda</td>
<td>2001</td>
<td>5,000</td>
<td>middle-income</td>
<td></td>
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<tr>
<td></td>
<td></td>
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<td></td>
<td>3 classes</td>
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<td></td>
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<td>$5 million loan,</td>
<td></td>
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<td></td>
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<td></td>
<td>Savings and Credit</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Bank (BPC)</td>
<td></td>
</tr>
</tbody>
</table>
|                     |          |               |                          | Unit cost²² T4 $165,000,
|                     |          |               |                          | T3 $95,000, T2 $55,000 |
|                     |          |               |                          | Member payments average|
|                     |          |               |                          | $100 / month over 10   |
|                     |          |               |                          | years                  |
| N’jango Yeto        | Luanda,  | 2005          | 15,000/na                | 50 % economic,        |
|                     | Huila,   |               |                          | 40% middle and 10%    |
|                     | Zaire and|               |                          | high                   |
|                     | Cabinda  |               |                          |                       |
|                     |          |               |                          | Military Pension Fund  |
|                     |          |               |                          | UNIPREV                |
|                     |          |               |                          | Land granted by        |
|                     |          |               |                          | Government topographical layouts made |
|                     |          |               |                          | Unit cost $19,000 to   |
|                     |          |               |                          | $300,000               |
| Larben              | Benguela | 2007          | 100/na                   | medium and high        |
|                     |          |               |                          | income                 |
|                     |          |               |                          | Self-financed PPP      |
|                     |          |               |                          | Land allocated by      |
|                     |          |               |                          | municipality            |
| Projecto Pérola     | All      | 2011          | 50,000 (300 finished by  | low-income excombatants |
| Verde               | provinces|               | 2012)                    | widows and family      |
|                     |          |               |                          | members                |
|                     |          |               |                          | Angolan Armed Forces   |
|                     |          |               |                          | (FAA)                  |
|                     |          |               |                          | Salary deductions      |
|                     |          |               |                          | interest-free          |
|                     |          |               |                          | Housing Development    |
|                     |          |               |                          | Fund Vietnamese credit |
|                     |          |               |                          | $3 million             |
|                     |          |               |                          | De-mined land          |
|                     |          |               |                          | Employ local builders  |
| Nosso Zimbo         | Luanda,  | 2015          | 4,000/na                 | employees of Ministry   |
|                     | Huambo,  |               |                          | of Finance             |
|                     | Benguela |               |                          | Not-for profit association |
|                     | Huila,   |               |                          | Banco Sol credit line  |
|                     | Malanje |               |                          | Commercial building    |
|                     | Namibe   |               |                          | contractor             |

A new general law on cooperatives\textsuperscript{23} was passed in August 2015. Several articles in the new law can usefully be applied to housing cooperatives. Article 14 permits cooperatives to acquire real estate property and other rights necessary for the development of its activities. Article 112 allows subsidies to be granted by the State for the acquisition of tangible fixed assets as long as they are not distributed among members. Article 113 exempts cooperatives from paying fees and taxes in the implementation of its objectives.

**Case Study of Cooperative Lar do Patriota**

Angola’s first post-war housing cooperative, named *Lar do Patriota*, was launched in 2001 as the civil war was coming to an end. At that time a group of former soldiers from the Angolan armed forces presented the Government, via the ruling party (MPLA), with a request for the ceding of plots of land for agricultural development outside of the city of Luanda, a request which was granted. The land in question was located in the south of the city, to the east of Benfica, with an area of around 15,000 hectares.

When a member of the original group, the architect and city planner GeneralHenriques da Silva “Dingwanza”, came to look at the ceded land, he noted its inadequacy for agricultural purposes. The area had no water for irrigation and the soils were poor. He recommended that the plan for the use of the land be changed and proposed a housing development in its place. He noted that ex-combatants needed housing as much as jobs and claimed that “96% of the Angolan population were complaining of the lack of housing”.\textsuperscript{24}

A cooperative model was proposed. The idea of a housing cooperative was to open up a new district to the city, both spatially and socially (no physical divisions were planned). Membership would be open to various sections of society, showing that Angolan civil construction could be accessible in terms of cost. This model aimed to be the solution to the “situations of social inequality in the country”\textsuperscript{25}.

In spite of cooperatives being an relatively unknown model in the Luanda context, it took inspiration from another case implemented in Angola in the colonial era: the ‘Lar do Namibe’ Cooperative, which had almost 3000 members\textsuperscript{26}. General Dingwanza had studied Architecture in Romanian and did a doctorate in urbanisation in Yugoslav and brought back his knowledge of socialist-model housing cooperatives from Eastern Europe. Dingwanza also engaged his company Arquitrave in the physical conception of the project which came to be named ‘Cooperativa Lar do Patriota’. Because specific legislation for housing cooperatives had not been published at that time ‘Lar do Patriota’ Cooperative was created, and registered in the form of a public limited company.\textsuperscript{27}

General Dinguanza\textsuperscript{28}, the founder of the project, said that there was massive public interest from the beginning. The cooperative started with 190 members who were formerly with the

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\textsuperscript{23} Cooperative Law 23-15 of 31 August 2015

\textsuperscript{24} Interview conducted at the headquarters of the ‘Lar do Patriota’ Cooperative in May 2012

\textsuperscript{25} *idem*


\textsuperscript{27} Segundo os estatutos in [http://lardopatriota.net/paginas/estatuto.aspx](http://lardopatriota.net/paginas/estatuto.aspx) (acessado em 6.8.2013)

\textsuperscript{28} António Henriques da Silva “General Dinguanza” (2014), Interviewed the Architect and Director of Lar do Patrioto on 7 July 2014.
military, and membership quickly grew to 2,000 in the first year. By the second year, membership had grown to 5,000. The project’s original land grant of 15,000 hectares saw a reduction of 6,000 hectares due to two factors: a conflict with one of the cooperative’s founding members who appropriated some of the land and a dispute with the informal residents of a shantytown which already occupied part of the site.

The original project concept envisaged an area of the plan be reserved for private development, with the aim of attracting commercial developers as external investors. The idea was that the cooperative and commercial components project would develop simultaneously and that the private financing would assist in subsidising the costs of the cooperative. The private part of the project, was located on the central section of the land, and was planned to be composed of high-density buildings, with businesses on the ground floor, services on the second floor and housing on the upper floors. Land was also allocated for facilities and services (schools, hospitals, cultural centres, children’s playgrounds and sporting facilities). Around what would be the “new centre”, the periphery would expand in pre-delineated blocks and plots which would be allocated to construction by the cooperative.

Lar do Patriota Housing Cooperative in Luanda

Joining the cooperative required the member to purchase one share of the cooperative in the amount of US$100, and then over time, the member was required to pay 20% of the total cost of the house. Depending on the kind of house purchased, the total costs of the homes set in 2002 were US$ 40,000, US$ 80,000 and US$ 150,000 for housing unit types T2, T3 and T4, respectively. These prices were significantly lower than those offered in the real estate market. The project had no financial support from the state, other than the provision of land, and was initially 100% funded by members. The house construction began in 2001 and the aim was to build over 2,000 homes in the first phase. The plot sizes were 600 m² for a two-bedroom unit (the house was built on 80 m² of the plot) and a plot size of 900 m² accommodated three- and four-bedroom units that were built on 120 to 200 m² of the plot. The accumulation of member finance was slow as was the rate of construction. By the end of 2004 there were 1500 houses
under construction on land covering 387 hectares\(^{29}\). Eventually a bank loan was secured for US$5 million from the public bank Banco de Poupança e Crédito (BPC)\(^{30}\) as part of a 25 million dollar deal that was under negotiation with a consortium of banks. The BPC financing allowed for the completion of 700 houses. Infrastructure for the housing, however, was not built because the state had committed to provide sanitation, water, and electrical systems, recreational areas, etc. Infrastructure installation therefore lagged several years behind the housing construction and some services were only being installed in 2014.

The project targeted middle-income earners. After the initial 20% payment was made, members could move into the unit, if it was available, and continued to pay a US$ 100 monthly amortization for the house. Those who could pay off the full value of the house in one instalment received a 10% discount. After paying the down-payment of 20%, most members amortized their payments over 15 years with an annual interest of 5%. There were penalties for defaulters, including suspension and even expulsion from the cooperative. The fact that some residents were able to access their respective housing by paying just 20% of its value meant that many then did not pay the remaining amount, which hindered the intended progress of the construction of the project. However, current Angolan law makes it difficult for the cooperative to repossess the house in case of default of payment.

It was necessary to introduce the possibility of paying for some dwellings upfront, which helped improve the cooperative’s cash-flow, but had several negative consequences. For example, it led to investments by some members who were interested in houses with these characteristics (dimensions of the dwellings, exterior space, very low cost in comparison with the rest of the market). This measure gave rise to a parallel market in which some houses were resold with greatly inflated prices, reaching up to US$ 700,000 for the “A” typology, when the initial price was US$ 150,000. Faced with this loss of control, and given the need to normalise the situation, the possibility of members to raise a bank loan was created. In this way, any member who fulfilled the requirements (payment guarantees for all instalments, social status conferred by their profession, amongst others), would have access to a contract for the construction of the dwelling and would be able to obtain a housing loan through this contract.

While the cooperative attempts to manage the house prices, there remain serious difficulties in accessing formal credit for housing for the majority of the population. Affordability has been affected and the originally targeted social group to benefit from the project has shifted upwards to those more affluent. Today, 80% of the families in the cooperative have at least one member with a higher education while the rest have a secondary education. The inhabitants have well-paid, “formal” professions – this is the only way they are able to pay such prices, which despite being lower in relation to the market, are still inaccessible for the majority of Luanda’s residents.

The prices were also “re-adjusted”: by 2012, the A typology had increased in cost to US$ 400,000 and the C typology to US$ 150,000. Table 2 shows the trajectory of the cooperative’s house sale prices since the inception of the project.

\(^{29}\) ANGOP(2004) ibid
### Table 2: Cooperative Housing Unit Prices over 15 years

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>C</td>
<td>US$ 40,000</td>
<td>US$ 55,000</td>
<td>US$ 150,000</td>
<td>US$ 90,000</td>
</tr>
<tr>
<td>B</td>
<td>US$ 80,000</td>
<td>US$ 95,000</td>
<td>US$ 250,000</td>
<td>US$ 150,000</td>
</tr>
<tr>
<td>A</td>
<td>US$ 150,000</td>
<td>US$ 165,000</td>
<td>US$ 400,000</td>
<td>US$ 240,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2002</th>
<th>2004</th>
<th>2012</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>C T2</td>
<td>Member financed. Housing only without installed basic water, sewage and paved roads.</td>
<td>Limited bank loan to Cooperative.</td>
<td>Highest value of the real-estate boom in early 2012.</td>
<td>After the release of Government subsidised housing in 2012</td>
</tr>
</tbody>
</table>

The cooperative reached 6,000 members by 2014, but problems arose which led to the alteration of the systems of management. The slowness and high costs of Angolan civil construction companies, that were originally contracted to build the housing units, prompted the Cooperative to lower costs by contracting companies, namely Chinese ones, with a higher outputs greater cost efficiencies.

In addition to the housing costs, the payment of a “condominium tax” was envisaged from the beginning of the project to cover the costs of the services necessary for the normal functioning of the district. The condominium tax would be set at 100 USD for the A typology, 80 USD for the B typology and 30 USD for the C typology. This tax was intended to guarantee the asphalting of the streets, the distribution of water and electricity, the collection of rubbish and the security of the district, amongst other goods in the collective interest.

However, since the monthly quotas went largely unpaid these services were not made available. The construction of the infrastructure was halted, and left to be finished at a later date. As in many other areas of the city, all of the infrastructure was planned and projected, but not completed. Only a small area was completed in the first phase of construction, with asphaltered streets, running water and sewerage – a taste of what the project could have been in its totality. With the exception of this area, the remaining streets still remain unsurfaced.

In the rest of the district, members resort to the systems habitually used in Luanda to supplement infrastructural gaps: access to water is achieved by the use of individual tanks or cisterns exploited by private companies which refill them. Some groups of residents have organised themselves collectively, sharing or dividing the costs of the respective services. With regard to energy, access is gained via generators or the construction of substations paid for by the residents themselves to private companies.

31 ANGOP (2002)
32 ANGOP (2004)
33 Interview General Dingwanza May 2012
34 Estimate based on housing market depreciation December 2016
According to the architect General Dingwanza, this model follows on from a practice which has existed since the colonial era: “Firstly the owner-builder built his house. More families, with more children, sons and daughters of the town’s settlers grouped together. Then the road and the school were constructed. Following that, other facilities were built: the church, a club for meetings, dances, cinema...”.

Despite the fact that the Lar do Patriota project was launched as the result of a land grant made by the central Government, land tenure remains a chronic problem for the cooperative. Due to issues relating to the ownership and occupation of the land the original concession of 15,000 hectares which was already partially occupied was split in half in an early stage of the project was further eroded over time. As late as February 2013 the cooperative was taken to court by a local peasant association regarding the disputed occupation of a further 309 hectares of what the association claimed had been their farm land eleven years before. The dispute with the Ana Ndengue Association was mediated by offering the claimants housing plots within the Lar do Patriota site. However there was distrust from the outset towards the cooperative model that put the Lar do Patriota into competition with the real estate market and civil construction companies who felt threatened by the much lower prices. Private sector competitors became critical of the cooperative that forsakes large profit overheads and competed for buyers in the same growth area of Luanda that had been targeted by them for private investment.

General Dingwanza estimates that the total investment made to date has been about US$ 500 million; the cooperative has a deficit of US$ 31 million but the project has been allowed to continue to operate on the condition that financial restructuring take place.

The rate of development of the project is constrained by the availability of finance. General Dinguanza said that their intention was to have their cooperative housing model adopted at the national level so that financial institutions will have a viable market. At present, commercial banks in Angola are reluctant to finance the level of the loans required by housing projects, and commercial real-estate developers on the other hand, see the lower costs of cooperative housing as a threat to a speculative market.

**Conclusions**

Cooperatives were one of the weakest sectors in delivering housing units within the National Program of Urban Development and Housing (PNUH). Of the 80,000 units targeted only 12,608 were built by 2016 according to the Angolan National Report for Habitat III. Cooperatives providing low-cost housing require dedicated and ongoing commitment in order for them to succeed. They need the willingness of public authorities to invest financial resources for acquisition and renovation of buildings, and to continue to provide subsidies so that housing charges are within residents’ economic means. The co-operative model requires that support is given primarily so that co-ops can contribute to housing provision.

35 Interview conducted at the headquarters of the ‘Lar do Patriota’ Cooperative in May
36 Klub-K Net (2013), Peasants cheated by Lar do Patriota take General Dinguanza to court, 20 February 2013
37 António Henriques da Silva “General Dinguanza” (2014), Interviewed the Architect and Director of Lar do Patrioto on 7 July 2014.
Housing co-operatives in Angola are not granted any concession in relation to land legalisation, thereby creating a bureaucratic bottleneck that has resulted in long lead time relating to the acquisition of land.

Inadequate training of co-operative members in leadership positions leads to a lack of administrative and management capabilities in the processes and operations of housing co-operatives.

Difficulties relative to access and mobilization of funds are necessitated by the following factors: o Stringent conditions; o Unfavourable repayment period; o Unwillingness of the banks to grant mortgage loans; and o Unwillingness of the National Housing Investment Fund to provide loans. Public and/or private financial institutions need to exist to receive the pre-occupancy savings of the cooperative housing members and provide the short-term construction and long-term financing to cooperative housing projects.

Despite the publication of the 2015 Cooperative Law, the lack of specific legislation, housing co-operatives do not qualify for tax exemption and incentives because co-operatives generally are classified as business enterprises that should be making profits.

**Recommendations**

Regular monitoring of the progress of implementing the Lar do Patriota and other housing co-operative pilot projects to draw lessons from implementation, managing and functioning of these models, with a view to creating knowledge and information on the emerging activities of the housing co-operatives.

Information dissemination are key to the formation and sustainability of the housing co-operatives. Both the public and the government officials responsible for the implementation of policy and legislation on housing should be well informed about the workings of housing co-operatives in order to create conducive environment for the growth of housing co-operatives

There should be specific policy and legislative frameworks in place for co-operative housing in order to fast track the sustainability of housing co-operatives. Cooperative beneficiaries' members should participate in the policy formulation processes.

Government land should be subsidised for the housing co-operatives and in addition to this, priority should always be given to the housing co-operatives in the acquisition of well located land owned by the government.

Financial institutions should be studied to determine the extent to which their various instruments can be mobilised to support the co-operative housing approach and also the extent of loans granted over the years have been used for housing. Banks should be encouraged by government to grant loans to housing co-operatives with flexible repayment periods and low interest rates. Government can guarantee such loans so that banks risk level can reduce
REFERENCES


Annex 1 Alternative forms of Housing Cooperatives

Housing co-operatives take different forms, associated with different ends, such as: expansion of the housing stock; provision of low-cost housing; transfer of stock from the private rented sector; transfer of stock from the public sector; stabilization of neighbourhood decline; support for a sense of community; provision of housing meeting special needs; and the transformation of social relations.39

Building Co-operatives Incorporated for the purpose of producing housing for group members, adding their own cash and / or sweat equity to funds raised through government support or on the financial markets. When housing has been built for each member the co-operative privatizes, or dissolves, and members assume freehold possession of their housing.

Co-ownership Societies Set up by a third party such as a trade union or a dedicated co-operative sponsor. Each member buys a share by paying a portion of development costs up front and taking a lease for the balance, and can accrue equity over time as the share value appreciates. The term shared equity co-operatives is also used.

Limited Equity Co-operatives Restrictions are placed on share values. At initial purchase members may be required to contribute less than full market value if a nonprofit sponsor, such as a trade union, credit union or government, contributes the difference, and in this case the term co-partnership co-operative applies. A formula specifying the limitations on share resale prices is established as part of the co-operative’s by-laws. By-laws may prohibit limited equity co-operatives from privatizing.

Market Equity Co-operatives Costs are set at market values, both at initial purchase and at resale. In markets where real estate prices are rising, residents’ capital will appreciate just as it will in freehold owner occupation. The initiative for market equity coops has been both from speculative builders and from individuals interested in pooling resources, including sweat equity, to secure housing. The co-operative may privatize if members so desire.

Par Value Co-operatives The case of limited equity co-operatives with a nominal share value. They may be zero equity co-operatives, and the term continuing co-operative is also used, particularly in Canada, as the organizations are usually prohibited from privatizing. In that country this form of co-operative was developed under the provisions of the National Housing Act, as described below. In Britain the term common ownership co-operatives is used.

Secondary Co-operatives Federations formed on a regional or national basis for pooling resources and for representing needs to governments, and technical resource groups assisting new co-operatives. The widely adopted “Swedish model” refers to the situation in which an umbrella organization provides organizational, technical and sometimes financial support to new co-operatives. Regional secondary co-operatives may form national, tertiary cooperatives. Tenant Management Co-operatives Tenants handle management and maintenance for an existing landlord, such as a municipal or non-profit corporation, which retains ownership.40

Housing Cooperative members are obliged to respect the following rules: 
(1) to pay his proportionate share of the expense of operation; 
(2) to observe the rules which may be imposed from time to time regarding the use of the apartment and other facilities;

39 Skelton - Supporting Identity and Social Needs: The many faces of co-op housing
40 Skelton ibid p.4
(3) not to use or permit the apartment to be used for any purpose prohibited by the declaration of trust or by law;
(4) not to transfer any portion of his beneficial interest except in accordance with rules which might from time to time be adopted,
(5) In the event of default in the performance of a member, the trustee may sell the certificate of the individual involved at public auction.

**Rochdale Principles** were formulated in relation to a retail co-operative\(^{41}\) adhering to some or all of them, housing co-operatives have taken different forms.

- Open and voluntary membership
- Democratic member control on the basis of one member, one vote
- Member economic participation
- Autonomy and independence of co-operative organizations
- Education, training and information for members and others
- Co-operation among co-operatives
- Concern for community

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\(^{41}\) MacPherson (1995)
Annex 2 Interview with the founder of the Lar do Patriota Cooperative, General Henriques da Silva “Dingwanza”

I graduated in Architecture in Romania and did my PhD in Urbanism, in Yugoslavia. The initial idea of this project started after I noticed that most, if not all, the existing real estate projects in Angola were in the model of closed condominium. I knew that that closed condominiums generate barriers between its residents and those who live nearby. And a direct consequence of such barrier is the increasing number of ghettoes, criminality and other problem related with this kind of exclusion. Thus, we wanted to avoid that.

The Lar do Patriota Housing Cooperative received support from several entities. One of the entities that helped us is the government. They gave us the land and minimal infrastructures to get access to it. We also asked and got support from the private sector – the banks; they conceded us loans. We wanted to compete against the model of closed condominiums by offering some diversity into the market while also preventing that social exclusion and its negative consequences. We know that generally people who live in condominiums are those who have some financial stability, so we wanted to make the cost of living in condominium more affordable so that those who could not otherwise afford to live there are now able to. In addition, we hoped that with more offer and diversity we would help reducing the high level of speculation in Luanda’s real estate industry, which is, in some degree, is highly provoked by the corruption existing in the local administrations.

Our model of cooperative was inspired by that of the Netherlands and other European countries that successfully solved their housing issues with the model of cooperative. Despite being inspired by the European experience, our model is 100% Angolan. It has been totally adapted to our own reality, i.e., to the current needs of our country and people.

Initially the cooperative was formed at the end of the Angolan civil war by veterans of FAPLA, ex-army of the party MPLA, and recently demobilized soldiers of the Angolan army, FAA. As a part of the post-war demobilization program the Government gave land to the veterans as a request of the party MPLA so that their veterans could use it for agriculture. However, because the land given (located in Benfica) was not good for agriculture but it was relatively close to the outskirts of Luanda so was valuable for urban development as the city was growing. We analyzed the situation and decided that instead of using the land for agriculture, it was preferable to invest the land in a housing project. There were already a well know condominium nearby: the condominium Atlantico Sul located in Talatona.

As a veteran myself and also a professional architect and urban planner, I proposed using the veterans’ land for a real estate project. We opted for a housing project because there was a huge deficit of houses. More than 96% of the population needed house and Luanda was expanding rapidly due to the rural exodus. Thus, so we saw on this a big opportunity for investment. From the experience of Eastern Europe where I studied, I proposed the model of a
housing cooperative. I also knew of some housing cooperatives from the colonial period in Angola. My own father occupied a house in a cooperative called Lar do Namibe. It was one of the most important cooperatives in colonial period. It had about three thousand members and it served as a reference for our project.

The Lar do Patriota Housing Cooperative started out with six thousand members. And on that basis the government allocated 1200 hectares to us. However, as a mean of increasing their shares, some minority shareholders instigated the population so that they could illegally usurp the land or increase their shares. This fact prevented the cooperative from expanding the project in the entire area it was initially conceded. Hence, the total area of the cooperative was reduced by half, i.e., by 600 hectares. We allocated a space to the government so that they could build a public school, a hospital and a kindergarten. However, we are still negotiating it because they have not yet confirmed that they will do that. We projected a zone for leisure which is not yet build. It includes a golf course, an aqua park, a botanic garden, a service station, a commercial center, and reserved some land to commercialize for luxury houses. They will be done by a private company independent from the cooperative.

Initially the project was of entire responsibility of my own company, called ARQUITRAVE and I was the person who drew the urban project. The initial intention was to create a cooperative with a center of 6000 apartments in 80 hectares and a periphery with 1500 houses in 4000 hectares. We have five types of houses, namely: C, C1, B, B1, A and A1. The most economical is the model C and the most sophisticated one is the model A. The dimension and the price of the condominium’s fees are in a document that you can have access too.

The cooperative was opened to ex-combatants as well as for the general public. First, one has to become a member of the cooperative. In order to do that, the person pays $600 to be affiliated to the cooperative and fill a form where they compromise to pay a mensal quote of $100 for the social capital. Then, in order to obtain the right to build their houses, the clients (members) need to pay 20% of the total cost of the houses. Thus, many residents obtained the right to build their houses by paying only 20% of the total cost. The prices vary according to the type of the house. So, the 20% they had to pay were $8000, $16000 and $30000 for houses of type C, B and A, respectively. We had an agreement with some companies and they were responsible to build the houses of our members as soon as they paid the required 20% of the total cost and filled other requirement already stated earlier. According to our initial plan, after the payment of the 20%, the members could start living in the houses and pay monthly mortgage of $190, $400 and $800 for the houses of models C, B and A respectively, for fifteen years. These prices are very competitive price if we take into consideration that some of the speculators who have acquired houses in our cooperative rent their houses of model C for $2000 and those of model B for $3000.

In 2002 we started working with companies belonging to FEP, such as MEHS, T ANGOLA and CHANA construction, all Angolan companies. (the one to build 6000 apartments) but they were not able to do. In 2005, we ended all contracts we had with the Angolan companies and we made new contracts with Chinese companies because unlike the Chinese, the Angolan companies were very slow and did not finish their work on time. In addition, they charged more for the same work that a Chinese company did. This is their main problem with the Chinese.
They do come with their own project. However, the technology they use is faster and more economical.

With the time, we started having serious problems because the members refrain from paying their quotes after they received the houses. We still have several people in this situation. Hence, we continued with the project but we changed the method of payment, obliging the members to pay the entire cost of the houses at once before they get it. Another problem we encountered is that, given that our prices were very competitive, compared to those of other real estate companies, many clients came to buy more than one houses so that they could rent or resell four or five times higher! These people bought the houses in the cooperative and rented or sold it to others and returned to live in other places outside the cooperative. The speculators have sold houses of model A for up to $600 000 whereas our price was 150 000 in which we initially charged 20%, i.e., $30 000 and then a mortgage of $800 per month, for fifteen years. We reacted to this by reinforcing measure to prevent those speculators from acquire houses.

A lot of things changed. By the time we started we already had a sound project and a sponsor, the FLP, willing to support us. We wanted to maintain a close partnership with the private while extending our project to the entire area we initially possessed. However, due to the loss of the 600 hectares, the fight we had in the court with our opponents, and the petitions they sent to our sponsors, they (the sponsors) became less willing to invest in the project, because they saw is as too risky.

The model of acquisition has changed. A member cannot acquire a house with by initially paying only 20% of its total costa. They had to pay it fully. The price has now changed, also. Now we charge 400 000 for model A and 150 000 for C. Notice that these prices are still lower than those in other charged by other companies.

The members frequently change their houses by building annexes or extending their houses. One reason people modify their houses is to offer them more security. For example, the original walls of the backyard are very short and so, many residents make it taller and add fences too.

Cooperative fees are charged for services and maintenance. Houses of models A, B and C are charged $100, 80$ and $30, respectively. However, almost nobody pays. However, since this does not happen, we benefit from the services of the municipality district just like any other neighborhood. Thus, as a neighborhood we face the same problems (such as unpaved streets, inexistent piped water, etc.,) as any other neighborhood does.

We paved some of the streets hoping that the executive would take the government will take the lead on that. This is what happened during the colonial time and this is what has happened nowadays.

According with the European model on the infrastructure is provided first and the houses come last. However we did not build up the entire infrastructure we need but we projected and allocated space for it. In the first phase of our project contains paved streets, sewers, piped water, electricity. In the other phases there is no paved streets, the residents buy they own electric generator, there is some access to the public web of electricity with the so called PTs
(posts of transformation of electricity). In terms of water, some people are connected to the public net but the majority have their own tanks of water.

**Affordability:** About 80% of the residents are graduated from universities and the rest have completed secondary school. They have a decent income which enables them to pay what we charge for the houses. The majority borrow from the bank and pay with their income.

We won that dispute in the district court. They appealed the judge’s decision but it will take long until we hear from the court again, so we will move forward. Plus, we are confident we will gain again.

When we started we did not have a bank sponsoring us. There were only members paying $100 each. We were about 6000 members, meaning that every month we had $600 000 and if we did not have the problems we had perhaps today we would have about 20 000 members. They do not yet have houses. Being a member does not immediately give you right to a house. They should to pay contributions regularly and if they don’t do that for more than two months, for example, then they are excluded as members. But we have only built 1500 houses so far.

They are all private member. That is so because it is easier for us to work with private members than those who come from a company, because tend to treat us as an ordinary real estate company and not as a cooperative. For example we had an issue with TOTAL, because they requested 100 houses and 50 reserves and they pressured us because we could not meet the deadline; with a private member, things are easier to deal with.

There is a fun fact about the history of our cooperative. At the beginning of the project, the land was $1 per square meter, then it became $10 per square meter and currently it is $30, and this is a phenoma that happens throughout the country. Angola has plenty of land but the proximity to the cities and the existence of infrastructure contribute greatly on the price of the land. For example, one hectare in Eixo Viario costs $20 000 000, in Talatona one square meter costs $500 whereas here, in Lar do Patriota, a square meter is 100$.