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Housing co-operatives in Uruguay

1. GENERAL INFORMATION

1.1 Title of practice or experience

Housing co-operatives in Uruguay

1.2 Category of practice/experience and brief description

The Uruguayan Co-operativist Centre (CCU) has been working for 30 years implementing innovative ways to solve the housing shortage in the country, particularly for the low-income bracket of the population, channelling low-cost State loans and helping communities organise as co-operatives to solve the problem collectively and through self-help, self-building organisation of the work.

1.3 Name of person or institution responsible for the practice or experience

The Uruguayan Co-operativist Centre (CCU)

1.4 Name and position of key or relevant persons or officials involved

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2. THE PROBLEM OR SITUATION BEING ADDRESSED BY THE PRACTICE/INNOVATIVE EXPERIENCE

As a result of the economic crisis of the sixties, home-building had dropped in 1963 to half the 1956 figure. Housing loans from the State-owned mortgage bank (Banco Hipotecario del Uruguay – BHU) had dropped from 10 billion pesos in 1955-58 to only 350 million in 1968. There was an estimated shortage of over 100,000 houses, in a country of less than three million inhabitants.

3. DESCRIPTION OF THE PRACTICE/INNOVATIVE EXPERIENCE AND ITS MAIN FEATURES

In 1965, a group of members of the CCU (the Uruguayan Co-operativist Centre, an institution promoting the development of agrarian and credit co-operatives since 1961) decided to create a housing section within the organisation. Three pilot projects were set up in the towns of Isla Mala, Fray Bentos and Salto.

From 1965, the CCU created an interdisciplinary team to research, draw up and develop co-operative housing programmes aimed at satisfying the housing needs of low-income brackets of the population, although not exclusively for them, and facilitating access to social credits.

The main objective was to achieve efficient administrative management of the co-operative undertaking by training its members to plan, make suitable decisions, control and evaluate management.

Apart from the actual building of homes, the mutual aid mode implies taking on business management, requests for services – electricity, water, drain-

age, telephones – and the establishment of links with others who are working towards similar goals.

Another objective deals with consolidating the group, strengthening links between the members and establishing fluid relations with the surrounding neighbourhood and interaction with the popular movement.

Towards this end, the CCU accompanies the group from when it is set up through the land-buying negotiations and legal registration, the loan request transaction, the completion of works, control of finances, internal consolidation, the awarding of homes and group preparation for living together and the organisation of complementary services. In order to regulate operations, the co-operative, backed by the technical advisors, draws up and approves both a contract and regulations for internal operations.

This is no small challenge. True business organisation is needed to complete the work within a set deadline (of between 18 and 30 months), personnel must be contracted and supervised, and resources administered. When the work is completed, the financial panorama has to be restructured in order to meet payment of the BHU loan and cover other types of needs arising from cohabitation.

One of the most difficult obstacles faced by advisory institute staff is to make the members understand that once the home is completed, they are only the user of the premises and not the proprietor of the real estate.

In fact, the User System, created by law No. 13,728, introduces a novel conception of the issue of occupation and renting of housing, maintaining this as an asset for use and not commercial gain.

The co-operative awards its members a home – exempt by law from the payment of all property tax – after signing a usufruct agreement, whereby it grants the co-operative member the right to reside in this home with his/her family for an unlimited time as long as they fulfil the obligations established in the Housing Law and respect the other statutory norms and internal regulations.

The co-operative is the proprietor of the homes. The users are members of the co-operative and are, collectively, its owners, meaning they can neither sublet nor cede the deeds of the home except in cases of marital disintegration or the death of the title holder. In the case of sudden unemployment, illness or any other misfortune which affects the member's ability to pay, the debt generated on the quotas must be directly negotiated with the co-operative. The law itself establishes the creation of an Assistance Fund, which the member can fall back on if necessary.

Over the last 30 years, the CCU backed half of all housing co-operatives of different sorts, promoted the law for housing co-operatives, and, as well as

creating the Single Federation of Housing by Mutual Aid (FUCVAM), stimulated the creation of the Housing Co-operatives Federation (FECOVI), which draws together users of the savings and loans mode. By 1989 alone, it had handled loans worth \$90 million with the BHU.

According to Teresa Buroni, present co-ordinator of the advisory body's Unit of the Planning and Execution of Services in the Housing Area, the CCU receives 9% of the total cost of the co-operative.

The first housing co-operative was started in Isla Mala, later renamed Estacion 25 de Mayo, a small town of 1,700 inhabitants, mainly rural workers (who have to be away from home for long periods) and their families.

Work was started in November 1968, with an initial group of 28 families. Isla Mala was practically a town of female-headed households as the men worked on the land during the week. Given this situation, the CCU technicians started a series of organisational experiments and the statutes were drawn up.

With a block-making machine donated by the Centre, work could continue moving ahead even though there was no money to pay for materials. The need for fundraising led members of the management commission to organise a lottery and sell chocolates and a local savoury snack. The money raised was used to buy cement to make the blocks, which were cast during the week. At the same time, this experiment was copied in Salto for 42 railway workers' families and in Fray Bentos with 25 municipal workers' families.

According to Daysi Solari, the only social worker participating in this experiment, the women played a fundamental role in making the roof tiles and they carried out most of the building work.

The chocolate-selling proved to be the catalyst for future organisation. The co-operative members often bemoaned the lack of interior fittings and decorations for their new homes. The only skill they could offer in order to earn even a meagre income was washing clothes for the nearby dairy establishments. Consequently, the women later organised themselves into a co-operative to sell and export their handicrafts.

The completion of the works in the 25 de Mayo Co-operative showed the experience to be not only valid but also possible. FUCVAM was founded during its inauguration, on May 25, 1970.

The Salto Mutual Aid Housing Co-operative (COSVAM), with 42 homes, and Exodo de Artigas, in Fray Bentos, with 25 (built through an agreement between the CCU, the National Institute of Economic Housing (INVE), IDB and the Municipal Council of Rio Negro), were completed in 1971.

The National Housing Law (No. 13,728) was approved in 1968, through the efforts of deputy and architect Juan Pablo Terra. The Law included a spe-

cial chapter on housing co-operatives – drawn up with CCU advice – under which new legal modes and mechanisms were created to promote construction of these.

Similarly, the foundation of FUCVAM was a fundamental factor in the consolidation of the mutual aid co-operatives as a social force, rapidly being transformed into one of the most powerful social movements in contemporary national history.

From the beginning, the federation made important achievements which contributed to the expansion of the co-operative movement. Greater and speedier availability of land and the acceleration of administrative procedures for approving legal status, were amongst its “conquests”.

These were the other merits of law No. 13,728:

- (a) unification of all the public financing mechanisms aimed at socially conscious housing;
- (b) establishment of the need to plan housing production in Five-Year Plans and annual adjustments;
- (c) creation of the National Housing Department (DINAVI) with responsibilities for planning, promotion, financing, evaluation and supervision of the actions of bodies operating in the housing field along with everything pertaining to fulfilment of the law;
- (d) creation of a DINAVI assessment commission made up of 14 members representing all sectors with direct interests to operate both during the planning stages and in the supervision of the Plan;
- (e) establishment of the definition of a “housing minimum” which must be fulfilled by all housing built in the nation;
- (f) confirmation of the need to offer subsidies allowing access to housing, taking into account the composition of the family nucleus without excessively affecting income;
- (g) creation of the National Housing Fund through the imposition of a 2% income tax (1% contributed by the employer and 1% by the Social Security Entities) aiming to subsidise housing for the lower-income bracket;
- (h) creation of a readjustment mechanism for loan financing guaranteeing the return in real values of the amounts awarded and impeding the liquidation of the Fund, as had occurred previously as a consequence of inflation. Thus, a unit was formulated which was index-linked to the Average Index of Wages, with the production of this index being the responsibility of the Statistics and Census Office. On September 1, 1968, the value of the Readjustable Unit (UR) was set at \$1,000, to be readjusted annually every September 1. At the same time, a safeguard was built in for debtors. In the case of family incomes not keeping pace with the Average Index of

Wages, the families could choose either a longer payment period or complementary subsidies;

- (i) installation of new mechanisms and legal practices for access to housing such as co-operatives, social funds and private promotion; and
- (j) initiation of the Technical Assistance Institutes, made up of non-profit-making multidisciplinary teams whose commitment was to providing co-operative education and technical assistance to the co-operatives and social funds.

Law No. 13,728 dictated precise norms for the housing co-operatives:

- (a) The housing co-operatives are companies ruled by the co-operative principles. Their main objective is to provide suitable and stable housing to the associates, through their own efforts, mutual aid, direct administration or through contracts with third parties, along with offering complementary services to housing.
- (b) The bodies ruling over them are the General Assembly, the Fiscal Commission and the Co-operatives Development Commission.

Housing co-operatives are classified according to various criteria:

- (a) The Co-operative Housing Units are groups of homes which can have between 10 and 200 partners. The Parent Co-operatives, meanwhile, can have between 20 and 1,000 members without housing awarded, having affiliates whose character is that of the co-operative units, being ruled by the same dispositions as them.
- (b) Affiliation can be open or restricted to the members of a neighbourhood, trade union or workplace.
- (c) The co-operativists contribute in the form of prior savings or with work during construction.
- (d) The co-operative can either change over to a regime of horizontal property once construction is completed or once the debt is settled, or continue indefinitely as a co-operative. In the latter case, the co-operative continues to be the proprietor of the housing. The usufructuary right of each member to his/her housing unit is transmitted by inheritance and can be ceded according to the legal dispositions in force.

The combination of all these variables led to 20 different types of co-operatives. The CCU has prioritised the mutual aid co-operatives for its advice where the members are users and not proprietors of their homes, a mode assumed for the most part by the salaried sectors of low to middle income. A large percentage of the middle-income bands advised by the CCU opted to be users, even though they had made their contributions in cash and had consid-

ered other options to be valid as long as they respond to co-operative principles.

Shortly after the Housing Law was passed, there was a co-operativist “boom”. Following the experiences in Isla Mala, Salto and Fray Bentos, between 1970 and 1976, the CCU advised 24 housing groups across the country, including the five inter-co-operative boards of Montevideo which involved almost 1,200 families, the parent co-operatives from the textile trade union and the first territorial or neighbourhood ones. During the same period in Paysandu, the first four housing nuclei of the Sanducera (meaning “from Paysandu”) Housing Co-operative (**COVISAN**) were built – the fifth was to be completed in 1978 – along with the first Municipal kind. In the space of seven years, 217 homes were built in this department.

During this stage – which coincided with the darkest years of the military dictatorship – the co-operative organisation showed its potential as a channel for participation not only in the housing area but also in crafts and production. These experiences became genuine “islands of freedom”, allowing for the channelling of collective participation from daily life, neighbourhood and community ambits.

4. DESCRIPTION OF THE INSTITUTION RESPONSIBLE AND ITS ORGANISATIONAL ASPECTS

The CCU technical teams

Architects, promoters, social workers, lawyers and accountants – supported by a hardworking team of assistants and secretaries – form the technical team which works on the consolidation of the housing co-operatives in their different forms.

From within the institution and throughout the process until the home is inhabited, they are the immediate referees in the advisory process. They are turned to by co-operativists seeking resolution of the numerous doubts and inconveniences which present themselves over the years. They also bear the brunt of the barrage of moans, complaints and criticisms.

One of the basic concerns which have guided the actions of the CCU since its inception has been to make the technicians aware that their priority function is to effect the active participation of the co-operative group not only towards satisfying its basic needs but also to consolidate self-management and efficient organisation.

On this front, they are conscious that training in business management

and co-operation will enable the people they advise to undertake new associated projects that have the potential of improving their quality of life.

Accounting and Legal departments

The Accounting Department, made up of four women and one man, specifically advises treasurers and fiscal managers in the first stage of transactions for the co-operative and on the administration mechanisms of the funds collected. This means that, from the outset, they are able to save on purchases and control spending.

Once the works are underway, the CCU accounting experts work alongside the treasurers, administrators and Work Commission which they teach how to calculate hours.

Often with no training in company management, those co-operativists elected to carry out this function must suddenly confront the management of large sums of money for purchases, payment of salaries, contracting of personnel, balances, set deadlines and current accounts. They have to be taught how to organise the paperwork, how to work with the banks, to decide whether cash deposits or the storing of materials is more profitable, not forgetting the reserves they must maintain for meeting set commitments, like social contributions. All the documentation is processed in the CCU, where they close the balances and cash up.

In the post-construction stage, the same work is continued in trying to maintain consciousness of the need to not sever connections with administrative responsibility for the co-operative as the co-operativists still have to pay the likes of the bank and for the water, and take charge of maintenance and the assistance funds – which help the co-operative avoid going into debt when one member cannot pay his or her quota. A considerable number of housing complexes remain linked to the CCU in this area through specific contracts for advisory work.

In the Legal Department, lawyer Uruguay Ortiz is almost a co-operative “constitutionalist”. In fact, one of his main tasks is to advise on and guide the fulfilment of the statute – a constitution which includes the norms ruling the actions of the co-operative – pointing out which is the domain of the Directing Council and the various commissions, and the powers of the General Assembly.

Furthermore, members of the Legal Department accompany the management in acquisition of the land and loan before the competent bodies, which, according to Ortiz, generally becomes a rite “where the entire bureaucracy becomes involved in a transaction which goes to and fro from one office to another”.

The most serious problems they handle include difficult relations between members arising from such causes as drunkenness, aggression – situations which have been experienced and are being reported more frequently – sexual harassment and non-fulfilment of work obligations.

In these cases, stresses Ortiz, it is essential that the co-operativists recognise the sanctions the wrongdoers expose themselves to, and the situations in which a warning, suspension or exclusion is applied.

Excluding a member – an issue which is in general decided in the Assembly – is always a traumatic matter. Many co-operativists opt to abstain from the vote, understanding that their decision could cut off that person's opportunity to have his/her own home. This sanction is reserved for serious cases, including failure to fulfil obligations with the co-operative, neglect of management, undue appropriation of funds, encouraging fights which "come to blows" and "duly proven" sexual harassment.

The issue of non-fulfilment of contracts and subcontracts for works made with specialist personnel or builder's yards is another of the big responsibilities assigned to the CCU Legal Department.

Social workers: promoters, educators and technical advisors

In Montevideo and the interior of the country, a team of social workers makes up the CCU Socio-educational Area, previously known as the Housing Promotion Sector.

Depending on the circumstances, this team also incorporates other technicians like a social communicator, a teacher and, more sporadically, social psychologists, while always maintaining a stable group of social workers and promoters.

Within the CCU, the social workers have been enjoying the same functional categorisation as other professionals like architects, lawyers and accountants, which for them shows "a valuing of our professional task which in some way has been modifying the known devalued image of social work, the origin of which stems from the university academic conceptions and structures themselves" and which is also suffered by other professions with a high index of female participation.

The CCU works with co-operative groups from the salaried sectors, made up of between 30 and 50 families with an average size of four people, predominantly the type of nuclear family with an income of between \$400 and \$800 per month. With a middle to low educational and economic level, this sector of the population often is employed in unstable paid work, often of a seasonal nature or working in several jobs.

The co-operative for them is not a lifestyle choice, but a way, and probably the only one, to resolve their housing problem. The dream of having their

own home is practically the only common denominator among the applicants.

Few know the co-operativist philosophy and only some have acquired organisational experience in union campaigning or parish groups. Among the working-class sectors, especially, there is scarce contact with public administration, which makes the process of their transformation into valid negotiators with the authorities and state hierarchies more difficult.

The social workers are conscious that this transition must be carried out. Their task is to smooth the way for this, providing the co-operativists with the instruments to strengthen and train themselves.

Fundamentally, in the construction stage, the human relations established between the co-operativists are conflictive, not only because of the socio-economic difficulties of the situation but also because of the physical and emotional burden of dividing time between the demands of construction itself, the extensive dedication to work outside, the complex transferral to the co-operative and mutual aid participation.

On another front, intra-family links are weakened on some occasions, leading even to conflict and marriage break-ups due to the demands of co-operativist work and campaigning. One of the consequences of this is a fall in mutual aid yield levels.

According to the social workers, a strong sense of individualism, the absence of practice in working as a group, the lack of alternative collective solutions to deal with the various problems of daily life, along with the economic impossibility faced by many family nuclei in meeting mortgage payments on the loan once construction is completed, are issues which crop up repeatedly amongst participants in projects assessed by the CCU.

“In the co-operatives, the social workers play the multiple role of promoters, educators and technical advisors. Our professional action is built on three basic pillars, which are the active protagonism of the end users, the resolution of the basic need through interdisciplinary technical support and self-management,” they explain.

Active protagonism of the participants is the fundamental element aimed at by the technical advisory team. To achieve this, they use suitable methods for the group to develop self-knowledge, identify its needs and resources and visualise the socio-political context in which it is inserted. It is also important to stimulate the group's capacity to set objectives and find suitable solutions for any problems which may crop up.

Training, organisation and the extension of private and individual spaces of power or decision-making into collective ambits are the basic elements in developing the self-management process.

Beyond the co-operativist members knowing their rights and obligations, and the powers of the General Assembly, the operational mechanisms of the

Directing Council, the Fiscal, Development or Electoral commissions, or the Works and Labour sub-commissions, “it is necessary that they get practical experience to understand and learn about collective work relations. Only then will they be able to develop an awareness of the possibilities presented by their own strengths, sometimes positive, sometimes negative, but which make it possible for them to confront the difficulties which will crop up.” stress the social workers.

In practice, the social workers participate in the co-operative meetings advising the Directing Council and the Works Sub-commission, in charge of monitoring the performance of the mutual aid workforce. They also offer technical help to the Fiscal and Development commissions and supervise preparations for the General Assemblies.

Architects

“We are exactly on the boundary between what the Architecture Faculty prepares theoretically and the real demands posed by mutual aid,” says architect Danilo Azpiroz – who has worked with the CCU on and off since 1970 – in defining the essence of a professional function which had to be adapted to a mode of construction with its own peculiarities.

Co-operativists are not like the traditional clients who contract an architect to design and plan the house of their dreams. Nor *are* they the classic entrepreneurs who engage the services of these professionals to **carry out** commercial projects. However, they need to incorporate some of the characteristics of both to be able to take hold of the reins of an experience which belongs to them.

One of the first barriers which must be breached is learning the new language of symbols used on plans. Few people are generally able to make much sense of these plans, which show an image of what their house will be like on a scale that is difficult to transfer to reality, with its esoteric sections, heights and dimensions.

5. PROBLEMS OR OBSTACLES ENCOUNTERED AND HOW THEY WERE OVERCOME

At the beginning of the 1970s, there were already more than 10,000 families in mutual **aid** co-operatives, which managed **to** build some 8,000 units. And several advantages fed the explosion of this mode. These included the lower cost and better quality of their homes compared to those produced both by the State – until then through INVE – and by the private companies. The BHU would lend around 90% of the value of the housing project and the

remaining percentage would be contributed by the members in the form of obligatory mutual aid. This implied 21 hours' work a week, the cost of which was calculated on the basis of a study on the yield of non-qualified workers with no previous experience. In the interior of the country, the hours of work offered by the nuclear family were – and continue to be – higher than the contribution of members in the capital, in some cases exceeding 24 hours per week.

The first co-operative groups were created in the union ambit – textile, printing, metallurgical, transport workers – but they later began to crop up in neighbourhood or territorial bases. In Montevideo, three large parent groups were set up, two by textile and railway workers (COVIMT and COVICAFE respectively) and the other being the territorial Nueva Esperanza (COVINE).

At that time, most of the land available to the co-operatives was in outlying or suburban zones, with poor service infrastructure, including even education and supplies. This, in the majority of cases, meant extending the water, electricity, drainage and telephone networks in a self-managed manner or in association with the State entities.

The creation of a Supply Centre allowed for mass purchasing of materials by the hundreds of construction co-operatives, considerably reducing costs. Similarly, the installation of a prefabrication plant contributed to making the production of these types of elements more technical and flexible.

In 1975, one of every two loans requested from the BHU for house-building came from the co-operative regime, either in mutual aid mode (more than two-thirds) or in the prior savings schemes.

Despite having been conceived as a means for the worse-off classes to realise their human and constitutional right to decent housing, the co-operative mode was not well received by various union, political and university sectors who saw mutual aid as contributing to the overexploitation of the working classes, who had to add hours of free work to their paid working hours. The use of unpaid workers would create unemployment amongst construction workers, who, in fact, were replaced by co-operative members, argued representatives of the Single Construction Workers Union (SUNCA).

Over the years, this view changed and many unions encouraged the creation of co-operatives amongst their members. The first of these sprang from the textile workers and was called **COVIMT**.

The architect, Miguel Cecilio, both technical advisor and member of COVIMT, says the size of the project (30 homes) represented the ideal typology. "For above this quantity, construction becomes complicated for the non-expert workforce," he says.

Despite this, from 1973, mutual aid co-operativism moved on from small groups to large inter-co-operative complexes or "boards", of which five were

built between 1973 and 1976, with a total of 1,758 homes.

According to Cecilio, it was not only the scarcity of land suitable for the construction of small groups which led to the move to join various co-operatives together in the same space but also that at that time, DINAVI “was up against large complexes of private promoters and could not compete on a small scale”.

The prefabrication techniques oiled the way to a much larger scale of construction, rationalising the labour of an inexperienced workforce. The architectural design incorporated duplex houses, built on different levels, along with spaces for a community room, child-care centre, shops and social services.

The team of CCU technicians, made up originally of some 12 people, increased five-fold in size in order to keep up with monitoring of the boards.

They were dealing with hundreds of people working, and coming from different experiences and situations in a very complex historical context. Everything was mixed up: contract specialist workers were being helped by inexperienced co-operativists, who were in fact their employers. The site supervisors, meanwhile, wanted to work as they did on traditional building sites, but had to adjust themselves to completely different working styles and rhythms.

The qualitative jump from traditional co-operativist construction to a larger scale put to the test not only the cohabitation and organisational capacity of thousands of inexperienced people but also the professionals who advised them, who rapidly had to modify the architectural prototypes to adapt them to the new dimensions and larger sites. In Montevideo, four of the five inter-co-operative boards were built at the same time, with thousands of people working simultaneously in self-construction.

Even today, Miguel Cecilio maintains that the construction was only completed due to “the tenacity and conviction that this could really be done”. In the case of Board 1, however, the original deadline of 18 months was finally extended to 30.

“No one knew anyone else in a group of 1,000. Few felt taken up by the final objective. This is the difference between the mass and craftsmanlike approaches,” says Cecilio.

A nursery, a public school and a health centre were built by the co-operative as part of the services offered to the neighbourhood. A social and sporting club, which included activities like baby football, bowls, yoga, drawing classes, a library and a meeting venue for senior citizens, was also established.

To satisfy the demands of an area which saw its population multiply in a short period of time, the public transport system improved its services, increasing the number of lines and frequencies of buses. Similarly, a neighbourhood market was installed, the co-operatives opened a road to a nearby rub-

bish dump, and with the assistance of the neighbourhood commission, the road lighting was extended.

For collective decision-making, each of the five co-operatives operated with a Directors Council which met once a week. Once a month, these met in a plenary session. An Executive Board, made up of a delegate from each co-operative, carried out the decisions of the plenary.

However, the five co-operatives in general have had a membership turnover of around 40%. The veterans claim “the new ones are only interested in resolving the problem of getting a roof over their heads” and say that the “CCU must continue the co-operativist training courses it gave at the beginning.” The new members do not always integrate into co-operative life and, in most cases, feel that if they keep their quotas up to date, then they have met their obligations.

This perception is a generalisation which could apply to nearly all the co-operative variants, not only mutual aid. As far back as 1985, the late architect, Juan Pablo Terra, evaluated mutual aid, saying once the preparation and construction phase of the co-operative was over, the intensity of participation fell visibly. Its continuity depended “on the existence and operation of common services and activities, on the physical conformation of the complex and on the social strata of its members, as apparently integration into neighbourly life is greater in the lower strata than amongst the middle class”.

State and institutional factors

In mid-1974, more than 70% of investments in the Housing Plan had been aimed towards the public system of which 57% corresponded to co-operatives, a little over 20% to mutual aid co-operatives and the rest to the savings and loans mode.

Under the military government (1973-1985), State stimulation of the co-operatives diminished notably. In the 1974-76 period, while investment in housing was low (less than 3% of Gross Domestic Product or GDP), rents increased, producing a profitability of 15.5%, a percentage of almost speculative proportions. Concomitantly, the progressive implementation of new economic policies with restrictive consequences on loans for housing contributed to a worsening housing situation.

Two decrees from 1975 established that DINAVI should be the body charged with giving final approval to loans, in order to plan the allocation of the scarce resources available. In practice, **this** meant a large reduction in loans to co-operatives. New loans to co-operatives fell and interest rates on existing ones increased from 2% to 4%.

In 1977, under law No. 14,666, the **BHU**'s role in relation to housing was

widened. From then on, its hitherto exclusively financial role expanded to encompass administration, recovery, building, selling, planning, executing, evaluating and even social education. Through legislation, the social criteria guiding the National Housing Plan were substituted by banking profitability criteria.

In fact, during this period, the BHU had to take charge of the design of the housing programmes, and of operational regulation of the various mechanisms along with the reception, evaluation, approval and financial supervision of the projects. Furthermore, it had to advise the Executive Power on issues relating to the provision of co-operative and social education to the housing groups.

On July 25, 1979, the **BHU** approved service resolution No. 7,000, an internal regulation disposition by which it was made possible for those co-operatives which had had their legal status approved to get access to loans.

However, in accordance with the restrictive policy on the co-operative system of the time, this service resolution limited the number of homes to be built to 50 per housing complex from 200 previously. That same year, the **BHU** imposed even harsher credit conditions on loans for housing, increasing interest rates on these from 4% to 5%. The amount of the loan would reach up to 85% of the rating value of the programme and the remaining 15% would be financed by previous savings (5%) and a minimum contribution of mutual aid labour equal to 10%, with possibilities of this reaching 12%.

With these conditions, the brakes were applied on access to credit benefits for housing for 40% of the population in the lowest income bracket, ironically the very group the system was originally aimed at.

Conversely, in 1978-79, an increase was seen in private promotion in the construction of housing units to the detriment of the co-operatives. Thus, the co-operative mode, which in the preceding nine years had represented 40% of the total number of houses built, saw this figure dwindle to little more than 10%. Meanwhile, the private promoters almost doubled their participation, from less than 30% in the 1969-1977 period to 59% in 1978 and 53% in 1979.

In the three-year period from 1980 to 1982, the co-operativist mode as a solution to the housing problem continued to shrink and its participation in the total number of new houses built was lower than 5%. In 1982, it represented barely 2.3% of the total investment. In 1983, 35% of the population of Montevideo and more than 40% of the country's total population had no access to **any of** the **BHU** credit lines.

In December 1983, the Executive Power sent the State Council a message and a bill proposing that the homes making up the mutual aid co-operative complexes be passed over to "the regime of individual and exclusive property", leading to the rejection of large sectors linked to co-operativism. In a

campaign for a plebiscite to abolish the law, more than half a million signatures were collected in just a few hours. The decree was repealed in 1986.

At the end of the dictatorship, in 1984, there was a stock of 800,000 houses in the country of which 40,000 were unoccupied and 66,000 were summer homes. Out of the total, 104,600 were in a state of serious deterioration and a further 14,000 were in slum conditions or in ruins. The First Five-Year Plan (1985) aimed to prioritise sectors with an income lower than three minimum salaries. Encouragement of the co-operatives, social funds and self-build schemes was also announced.

In order to respond to the difficult situation of debtors, an agreement was made granting the possibility of extending the mortgage repayment deadline, coupled with a reduction of interest rates and the granting of supplementary subsidies. The construction of 68,000 homes was planned, with the private sector expected to build a further 54,000 with its own resources.

According to data from the BHU, 904 homes were built in the period with 4% of the total investment of the institution.

In 1988, requests for loans were allowed from co-operatives having legal status since before 1986. Thus, 138 new co-operatives with 3,800 members applied, 75% of them mutual aid, mostly of proprietors, as the BHU itself said users would not get loans.

Of the total number of co-operative homes built in the 1969-1992 period, 63.3% were built in the first eight years to 1976. The corresponding figure from 1977-1984 was 23.6%, and in the 1985-1989 period, barely 6.3% of the total were built.

In 1994, the Ministry of Housing, Territorial Ordering and the Environment was created and was given exclusive responsibility for the planning, execution, supervision and control of housing policy. At the same time, the National Housing Law was modified. All articles referring to subsidies were repealed, and this area would in future be defined by the Five-Year Plan and executed by the Ministry of Housing and not by the BHU.

In this period, new subsidised housing started to be built – including the so-called Basic Unit for Development aimed at the low-income families – which no longer had to conform to the previously considered minimum levels of quality and size.

Meanwhile, the Movement for the Eradication of Unhealthy Rural Housing (MEVIR) got a strong boost. Although it did not adopt the co-operative mode, it built more than 5,000 homes by mutual aid.

Between 1990 and 1995, the BHU recovered its financial position, no longer only attending to the lower-resource sectors. Half of the 23,500 planned loans were for the purchase of used housing and not for the construction of new units.

MVOTMA, meanwhile, only completed 22% of the 31,000 homes it should have built in accordance with the 1990-95 Plan, due mainly to the design and operation of the Plan. Thus, at the end of the period, as a corollary of this failure, resources were once again assigned to the co-operatives.

For the 1995-1999 Plan, MVOTMA estimated demand to be at 80,000 homes of which 30,000 corresponded to the low-income sectors. Of the 28,161 homes MVOTMA expected to hand over in this period, only 7,135 are really new. Only 300 of them are co-operative. Another 3,029 housing co-operatives initiated in the previous five years are expected to be completed before the year 2000.

“Shell” projects

At the beginning of the nineties, the **CCU** was faced with a new situation that put to the test its resourcefulness and improvisational capabilities. The popular sectors, natural “clients” of co-operativism by mutual aid, were notably pauperised and unable to gain access to housing with the traditionally promoted architectural characteristics. It was necessary to “invent” new typologies which would permit a reduction in costs and mutual aid time, explained Teresa Buroni.

Under an agreement with the Ministry of Housing and the Montevideo Municipal Authority (IMM) and with external funding, the **CCU** began to build the so-called “shell” projects, and wood was incorporated in the structure of the evolutionary homes. Thus, a “minimum” home was conceived, a “shell” with outer walls and a roof suited to backward extension, which was aimed at sectors with low family income and no savings capacity. The reduction in costs was achieved through interior terminations and a lower work input in time, and at the expense of the equipping of exterior spaces.

The external “shell” – walls and roof – is the same as that historically built by the co-operatives. Improvements must be carried out in a second stage in terms of floors, bathroom and kitchen tiling, and interior doors. Finally, non-essential paths are laid, equipment installed and community constructions built.

“This product is a highly valid and incomparable alternative from the architectural and social point of view in relation to the evolutionary modules built by the Ministry of Housing. It costs 1,150 UR, with nearly 60 square metres of construction, while the basic unit built by MVOTMA measures 30 metres,” says Buroni.

For Buroni, the experience, which was originated by Martinez Reina, revealed to a certain degree the articulating role played by the **CCU** in striking a balance between the popular movement, the needs of the people and the

State. "With the 1,000UR the State has for each Basic Unit for Development, something better could be done incorporating mutual aid," she says.

The COVIHON 3 and CIVITRIVIC co-operatives, completed in 1997, are examples of both construction systems.

6. EFFECTS OF THE PRACTICE/INNOVATIVE EXPERIENCE

After 27 years of involvement in housing co-operativism, on May 24, 1997, FUCVAM reported that more than 10,000 families of the near 300 federated co-operatives had benefited from mutual aid co-operatives at a time when 37 co-operatives were in the building process and another 40 awaiting land.

The CCU offered advice to 68 of these, including the five inter-co-operative boards, which benefited 4,535 families. Paysandu and Montevideo were the departments with the greatest concentration of co-operatives advised by them, with 14 and 23 respectively, but the Centre also worked in Mercedes, Fray Bentos, Trinidad, San Jose, Pando, Canelones, Colonia, Tacuarembó, Florida, Salto and Minas.

7. SUITABILITY AND POSSIBILITY FOR UPSCALING

"[Changes in the international arena could mean] we will soon no longer have credit funds from abroad. In the national ambit, support for co-operatives has been increasingly restricted. Previously the building land was included in the loan and many sites were granted by DINAVI itself or the BHU. Now it is the co-operatives themselves who have to find it, which indirectly means more work for the CCU," says Teresa Buroni.

In her view, the challenge for the new millennium, on the technical front, relates to finding building systems which improve parameters of cost and construction time.

"Our traditional advisory role, in the terms we have worked with **up** until now, is tending *to* disappear in Uruguay. From hereon, a package will have to be put together covering the whole process from the funding and the obtaining of land to construction. We must have, on one side, land, and on another, access to **forms** of financing which do not depend exclusively on the Housing Ministry," says Buroni.

The appearance of the Private Pension Funds (AFAPs) on the national scene suggests, according to Buroni, the possibility of bringing investment into housing. If this were the case, the obtaining of loans would no longer be

exclusively at the mercy of the political oscillations of the State institutions.

“We must start to motivate ourselves to readjust the institutional profile. This does not mean the CCU will become a loan financier but an institution with the capacity to direct these investments towards co-operatives,” she concludes.

8. SIGNIFICANCE FOR (AND IMPACT ON) POLICY-MAKING

The concept of housing as a right and a public asset, and not as a market commodity, can be implemented in practice, even within the framework of a country with a liberal market orientation throughout the economy.

The building option of mutual aid co-operatives has had an impact on the socio-economic structure of the country and changed the urban physiognomy of the neighbourhoods where these co-operatives are found. They had the wisdom to employ architectural models and construction procedures that take advantage of skills passed down from one generation to the next while also using prefabricated elements – like the flooring and roofing tiles – which simplified the task and facilitated the incorporation of an inexperienced but enthusiastic workforce.

In nearly three decades of existence, hosts of parquet-layers and tilers have been trained – a large percentage of them women – along with first-rate builder’s mates, bricklayers and officials.

For the middle- and lower-income sectors, who are normally unable to save, this practice has shown itself to be a viable alternative route to getting a decent home.

9. POSSIBILITY AND SCOPE OF TRANSFERRING TO OTHER COMMUNITIES OR COUNTRIES

The Uruguayan co-operative housing experience is already being used as a model in similar experiences in Brazil. The lack of systematised research and evaluation and of literature on this is, however, a major obstacle to the international dissemination of what is a successful development and empowerment experience.