



Above and below : outskirts of Valparaiso and Viña del Mar showing the sites of 3 cooperative housing areas

A Villa Americana R Villa Real B Villa Berlin

Below : layout plan of the 3 sites photographed above

Photo: Invica

Cooperative housing project

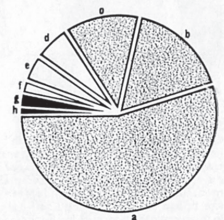
Cooperativa Arturo Alessandri Palma,
Valparaiso, Chile

The 'Arturo Alessandri Palma' cooperative, for the financing and building (not subsequent ownership) of dwellings, has built 34 standard houses of 700 sq. ft., costing \$2000 all-in, for blue- and white-collar workers with an average monthly income of about US \$100. It is one of some 25 similar projects either built or under way in Valparaiso under the wing of INVICA (Instituto de Vivienda Caritás).

Theoretically, this type of limited cooperative is ideal for low-cost housing and in South America there have been frequent waves of enthusiasm for housing cooperatives ever since the 'forties. Although the first housing cooperatives were started in Argentina in the first years of the century, very little progress has been made anywhere until very recently; the waves always seem to have been followed by troughs of disillusion. Now it looks as though the Chileans may have made real progress. This is due, undoubtedly, to the technical assistance provided by INVICA and TECHNICOOP

Below : cost diagram showing the manner in which the money is spent in U.S. dollars. The source of money in this case was entirely from a Savings and Loan Association

Cost of house (hatched):	
(a) Materials	. 976.10
(b) Labour	. 333.30
(c) Overheads	. 294.10
Cost of utilities (white):	
(d) Materials	. 83.32
(e) Labour	. 55.60
(f) Overheads	. 17.98
Cost of land (black):	
(g) Labour	. 18.88
(h) Overheads	. 5.00





**The John Turner Archive:
Co-operative housing project**

Dwelling resources in South America, Architectural Design 8, August 1963

(the technical branch of the Federation of Housing Cooperatives) and by the provision of the necessary funds from Alliance for Progress loans made through the incipient building societies (savings and loan associations). Earlier attempts failed, usually, not for lack of enthusiasm or initiative with which South America abounds, but for lack of technical guidance and credit. Desperation tends to encourage naïve optimism and very many would-be cooperative groups fall prey to political and commercial sharks; few, if any, South American countries have adequate legislation to protect and encourage cooperatives.

However, this example shows the changes now taking place. The Arturo Alessandri P. cooperative was started spontaneously in February 1956 by personnel of a naval establishment in Valparaiso. In April 1958, 'after divers consultations and (bureaucratic) transactions before the Corporación de la Vivienda (the government housing agency) and the Ministerio de Obras Públicas (Public Works)' the cooperative achieved its first constituent committee. By August 1958, 'after two long years of plans and efforts during which there were four successive administrative committees,' the cooperative obtained legal recognition. By January 1960 the cooperative had sought and paid for two acres of underdeveloped building land. While searching for financing, the cooperative was put in touch with INVICA, a private non-profit foundation started by two Catholic priests in 1958, which undertook to find them the necessary capital for the works and to give them all the necessary technical, social and legal assistance for a reasonable fee (INVICA charges up to 9½ per cent of the investment to cover its costs). An agreement between the cooperative and INVICA was drawn up in March 1961, and, by June of the same year, a loan had been obtained, and work was started. Although the cheque for the first payment of the loan was not handed over until January 1962, work was already well advanced, and by August houses were being occupied before final completion last September.

It is not difficult to imagine what would have happened to the 'Alessandri' cooperative if it had not received INVICA's technical aid and the equally timely loan from 'Ahorro-Acoval,' a then new savings and loan association which the directors of INVICA had also helped to organize. Without these essential props the cooperative would have gone the way of many hundreds throughout the continent; after years of patient effort and considerable sacrifice, the group would have failed and its failure would have destroyed the hope and faith of many families and wasted a large part of their savings. Pioneer cooperative groups are formed by a minority of the population which has done its best to act constitutionally, to buy land instead of taking it by force, to build with proper plans and specifications in accordance with municipal regulations, to accept and comply with all the laws and regulations, instead of taking the law into its own hands and thereby avoiding the incomprehensible delays over apparently unnecessary and often illogical requirements. Only too often are these well-intentioned groups, often surprisingly well-organized and self-disciplined, made to look foolish by their lawless neighbours who just go ahead, take their land and build as best they can, often quite well and almost always improving their condition, with very little delay and, of course, no red tape at all.

Those responsible to their respective governments for popular housing policies would be well advised to take a close look at this and similar projects.

Needless to say, considerable attention is now being paid to housing cooperatives in Chile. The latest report (April 1963) states that there are now 324 legally constituted housing cooperatives with 39,000 members. Even so, material progress is slow and the number of the existing cooperatives is more impressive than their quality; many, it is reported, have been formed with ulterior motives, hoping to exploit the present wave of enthusiasm and official interest.

But now, with the existence and development of at least two effective organizations for technical guidance (INVICA and TECHNICOP), increasing support from the government housing agency (CORVI)—which has financed approximately 25 per cent of the INVICA cooperatives' projects up to the middle of last year—and the development and capitalization of the new savings and loan associations, the outlook for housing cooperatives in Chile, and through this 'pilot project,' for the rest of Latin America, is very much brighter than ever before.



Above : owner-builders preparing the site for one of the houses



Above : the future owner working on the construction with a professional builder

Below : mutual aid group of members of the cooperative at work
All photos by courtesy of INVICA



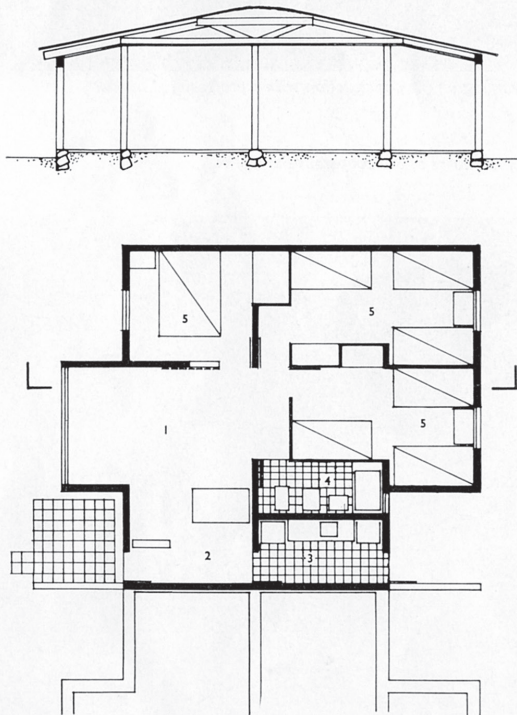


Cooperative housing project

Below: typical cooperative house design: 700 square feet is considered to be the minimum acceptable area in Chile, and they are not usually designed for later additions. Concrete blocks are more common than clay bricks for masonry; national softwoods are cheap and plentiful. Asbestos cement is generally used on low-cost housing schemes. Cost analysis shows a well-balanced budget, with exceptionally low land and development costs. Overheads are relatively high, presumably because of the considerable amount of technical assistance (including social and legal aid) given which, of course, will have been amply compensated by reductions in overall costs and improvements of design standards



Below: section and plan
Key: 1 living area 2 dining 3 kitchen 4 bathroom 5 bedroom



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As stated on the previous page, the Chilean housing cooperative movement has been able to get under way, thanks to the technical assistance of INVICA and TECHNICOOP, and to the development of the Savings (or Building) and Loan Associations—in which, incidentally, INVICA has also played an important part.

Savings and Loan Associations are being promoted in a growing number of Latin American countries—very rapid progress is being made in Chile where the total value of approved loans has increased by 600 per cent in the past year; and the leading Savings and Loan Association in Peru, 'El Pueblo', organized and presided over by Fr. Daniel McLellan MM, has over \$34 million in assets from loans, not savings, after just over two years of existence. The associations exist partly as an economic and reproductive means of administering Alliance for Progress funds, and partly as a vital element for the financing of urban development.

Until recently little private investment was made in 'undeveloped' countries in lower-middle-level housing; city house-building, in the recent (pre-urban revolution) past, was divided between the building of mansions for the wealthy few and slums for the numerous poor. The pattern persists though the building of the cheaper kind of slum is prohibited; the common alternatives are now the apartment block or detached villa and the unaided self-help squatter house. In the earlier period it was as difficult as it is at present to obtain more than a 6 per cent or 7 per cent return on investment in ordinary middle-level housing—a poor inducement for investors when the bank rate is 15 per cent or more and when the consequences of rent restriction laws are aggravated by inflation.

In this situation the growing middle classes are, of course, caught between the unpleasant alternatives of living in a slum with nowhere to invest their savings except, perhaps, in the purchase of a vacant plot, or of living in an acceptable apartment or house the rent of which absorbs all or more than all the families' savings margin.

A savings (or building) and loan system, once established, solves these problems by providing a safe depository for small savings at a reasonable interest rate. 10%–12% annual interest is being charged in Peru; but in Chile, thanks to the readjustment system, the imposed legal maximum of 7% can be adhered to. The establishment of a savings and loan system becomes practical when there is a sufficiently large group willing and able to pay the interest rates and overheads required; when enough 'seed capital' (initial deposits to start growth) is provided and when there is a sufficient volume of public savings and other deposits.

The 'willing and able' group does not include, of course, the great majority of the urban populations of South American cities and very few indeed outside the big cities. Both these groups depend on their own efforts for home ownership and can be helped on their way only through technical assistance and direct, long-term credits at low interest rates. The savings and loan system depends, therefore, on the existence and growth of the middle-income groups—those that have a good savings capacity but no capital, or insufficient, to be financially independent. The attraction of 'seed capital', of public savings and other deposits and the development of a secondary mortgage market are however, influenced by the degree of the country's financial stability. Violent inflation is the more usual condition in rapidly developing, or rapidly urbanizing countries.

The fact that a savings and loan system is developing rapidly in Chile, in spite of an exceptionally steep inflation rate and a national *per capita* income only slightly higher than the continental average, suggests that the system is an immediate and practical proposition in typical Latin American urban conditions. There are, however, three outstanding features in the Chilean case: first of all national executives have used expert advice from the US—which has over 130 years' experience in the field; the US and the national government have provided adequate seed capital and, finally, the Chileans have introduced an effective method for protecting the value of the deposits and guaranteeing the value of returns.

This last point deserves explanation: the internal value or purchasing power of the deposits is maintained by adjusting repayments to the fluctuations in the official wages index. According to Marlo S. Schram, US AID Savings and Loan Advisor to Chile, this index is used for two reasons:

- (1) Because over a period of time the total rise in the wages index was virtually the same as the rise in the cost of living index although the curve was smoother;
- and (2) the borrower's ability to pay his monthly contribution was related more directly to the wages index.

Schram goes on to point out that with an annual inflation rate of only 4 per cent the money repaid on a 20-year loan would be worth only 20 per cent of its original value. The social justice of the system is obvious as subsequent loanees will benefit as much as the first and it is easier to attract the seed capital, deposits, and savings. This is the only case in Latin America where an equivalent house can be built with the funds returned.