

21  
NOVEMBER  
2019

## PUBLIC-COOPERATIVE HOUSING POLICIES: An international comparative perspective

**Carles Baiges**, Architect Lacol  
**Mara Ferreri**, Researcher IGOP-UAB  
**Lorenzo Vidal**, Researcher CIDOB

*In the face of persistent housing problems across the globe, policy debates are increasingly looking to cooperative housing for innovative solutions. This CIDOB Briefings outlines the main legal and policy tools that can shape cooperative housing as an affordable alternative to both market and top-down State provision. In-spirit with the seminar, "Promoting the Right to Housing at the EU level: challenges and policy proposals," held at CIDOB in March 2019, which discussed, amongst other issues, the promotion of, "limited-profit and non-profit operators and community-driven alternative housing"; this report draws from a comparative research project of 10 case studies: Denmark, Germany, Austria, Switzerland, Netherlands, United Kingdom, Quebec, Uruguay, Italy (Lazio region) and USA (New York). The project has been sponsored by La Dinamo Fundació, a foundation dedicated to the promotion of cooperative housing in Catalonia, and has been carried out in collaboration with CIDOB and international researchers.<sup>1</sup>*

CIDOB **LADINAMO**  
BARCELONA  
CENTRE FOR  
INTERNATIONAL  
AFFAIRS

**LACOL**  
ARQUITECTURA  
COOPERATIVA

Accessing adequate housing is becoming increasingly difficult for a large section of the world's urban populations. The planetary hyper-commodification and financialisation of housing, which ties the development of residential space to the vagaries of the market rather than to social need, is largely to blame. Top-down governmental responses through public housing (alongside other welfare provision), however, has also been challenged by popular demands for more participatory and community-controlled forms of delivery and management. Cooperative housing can embody such a form of collective and decommodified housing and is gaining renewed global attention in public and policy forums. Despite originating from a self-help tradition, cooperative housing has developed into a significant alternative model in those countries that have promoted it through legal and public policy means. In most cases, cooperative housing has developed and is maintained through specific State-civil society relationships, processes of policy co-production and public-cooperative partnerships.

The following report summarises the outlook and outputs of a comparative study of policies promoting cooperative housing in ten different countries, in an effort to contribute to international and translocal learning and policy transmission processes.

### Drawing key lessons from heterogeneous experiences

The first main contribution of the research project is to propose a framework for policy deliberation that is both broad enough to draw from a wide range of national and local cooperative experiences as well as deliberately circumscribed to an agenda centred on the promotion

1. Co-authors: Carles Baiges (Netherlands) and Mara Ferreri (United Kingdom) and Lorenzo Vidal (Uruguay and Denmark); and external researchers: Eduard Cabré (New York), Max Gigling (Quebec), Ernst Gruber (Austria), Luisa Rossini (Italy), Corinna Hölzl, Tobias Bernet and Helga Ring (Germany) and Claudia Thiesen (Switzerland).

of decommodified, affordable and accessible housing solutions. Three key steps characterise this outlook.

### **i. Delimiting the cooperative alternative**

Cooperativism has produced institutionally and organisationally very diverse housing sectors in different contexts. The cooperative label has been attached to a wide variety of housing models, some of which embody commodified or State-provided housing forms in all but name. Such a broad denomination has blurred the specificity of cooperative housing as a collective and (partially) decommodified alternative. Consequently, the project has delimited its study to housing sectors in which (1) residents, at least nominally, have a majority share in the ownership of the cooperative, and (2) housing units cannot be freely bought and sold in the market. That is, where residents collectively own but cannot capitalise upon the (full) exchange value of their homes. These models are usually classified as zero-equity and limited-equity housing cooperatives.

## **Cooperativism has produced institutionally and organisationally very diverse housing sectors in different contexts.**

Within this delimitation one still encounters very different models, some based on rental tenure and others around cooperative shared ownership, some with high levels of self-management and others that are professionally run, some with close links to public housing providers and other that are largely autonomous, etc. The objective of the research project, however, is not to explore the specificities of different cooperative housing models, but rather the legal and policy tools that promote their affordability, accessibility and decommodified character.

### **ii. Adopting a long-term perspective to include all phases of the housing process**

The affordability, accessibility and decommodified character of housing cooperatives are not only dependent upon the process of formation of the cooperative housing stock, but also upon the norms governing its access and use. Privatisation and marketization pressures, moreover, are a constant threat to the continued existence of decommodified forms of housing and demand specific attention. The research project has thus classified relevant legal and policy tools into three distinct “moments” or phases of the housing process: (i) formation, (ii) access and management and (iii) maintenance of the model in time. Each of these involves different policy areas and specific policy measures (see Table at the end).

Public intervention in all three moments is critical in shaping the concrete outcomes of cooperative housing ventures:

*1. Production of cooperative housing.* Public powers can promote the formation of cooperatives through measures that enable access to land, existing buildings, finance, economic resources and technical support. These factors will determine the overall initial costs of the housing project and thus its initial affordability. They also weigh heavily on the ability to scale up and replicate housing cooperative developments.

*2. Access to and management of cooperatives.* Public authorities can influence the norms regulating access to the cooperative housing stock to prevent potential insularity and keep the sector open to a diverse public. They can also improve the long-term affordability of cooperative housing by providing subsidies to cover housing costs for low-income residents and to support maintenance, repair and improvement work of the housing stock.

*3. Maintenance of the model in time.* Regulations can restrict the equity of cooperative housing and the possibilities for for-profit ventures. Public authorities can promote targeted policies and legal frameworks to minimise the risk of capitalisation upon the exchange value of cooperative dwellings by members and other actors.

### **iii. Underscoring the opportunities for public intervention at different scales**

An overview of cooperative housing policies across 10 countries highlights the involvement of different levels of the public administration. Local, regional and national authorities can deploy different measures in different contexts that shape the overall policy environment in which cooperatives are embedded. Established examples show that local and regional public authorities interested in promoting cooperative housing can do so in different ways within their own competences, without the need for alignment with other levels of governance. In this sense, the cooperative policy environment in the city of New York, for example, contrasts heavily with that of the rest of the United States; in a similar way, the policies introduced in the Lazio region make for a unique case study within Italy. On the opposite side of the spectrum, in cases such as Uruguay cooperatives are strongly linked to national legislation and institutions. To promoting housing cooperativism, the ideal scenario would require an integrated policy mix and complementarity between

different levels of government. The first main contribution of the research, however, is that this is not a *sine qua non*.

## Illustrating the diversity of legal and public policy instruments

The second main contribution of the research project is to illustrate the wide and diverse range of legal and policy tools and institutions that have been developed in different cases and that can serve as inspiration for contextualised replications. The following section provides a summarized sample of the diverse policy landscape that is described more in-detail in the full-length study.

### 1. FORMATION OF COOPERATIVE HOUSING

#### 1.1. Access to land/buildings.

##### 1.1.1 Sale of public land

Cooperatives can acquire public land or buildings at below-market rates, often through competitive bids based around social, ecological and other criteria. In Uruguay, there is a specific institution for this purpose, the “Portfolio of Land and Buildings for Housing of Social Interest”, which offers up to 50% of its land and properties for purchase by cooperatives.

##### 1.1.2. Lease of public land

In other cases, public authorities prefer to retain ownership of land and lease it long-term to housing cooperatives. Leases range between 30 and 99 years in the case of Germany, and minimum 50 years in the case of Quebec, for example. In the Netherlands, municipalities often use the model of an unlimited lease (*erfpacht*) for a fee that can be recalculated every 50 or 75 years.

##### 1.1.3. Rehabilitation programmes

Residential buildings in public ownership can end up being managed by cooperatives, in the short and long-term, in the framework of rehabilitation programmes. In some cases, these policies regularized the illegal occupation of buildings in contexts of high housing need, such as in the Lazio region, Italy (*auto-recupero*) or in the United Kingdom (short-life coops).

##### 1.1.4. Transfer of public housing

Public housing can be transferred to housing cooperatives. In the United Kingdom, for example, council tenants can apply for the “Right to manage” their housing and the cooperative movement has created a range of community-led models for tenants’ management, such as the “Community Gateway Model”.

##### 1.1.5. Land/building reserves in new developments/renovations

Inclusionary zoning measures can incorporate a percentage of cooperative housing units. In Hamburg, 20% of new developments have to be reserved for *Baugemeinschaften* projects (cooperatives and foundations) and in Denmark, municipalities can reserve up to 25% of new developments for *Almene boliger* (common housing).

##### 1.1.6. Right of first refusal and pre-emptive rights

In Denmark, rental housing tenants have the right of first refusal over their homes if they organise into a housing

## Privatisation and marketization pressures are a constant threat to the continued existence of decommodified forms of housing and demand specific attention.

cooperative association (*andelsboligforening*) to purchase the building where they live. In Austria, municipalities have used their pre-emption rights to acquire real-estate to then offer it to limited-profit housing providers, including cooperatives.

#### 1.2. Access to financing

##### 1.2.1. Public credit lines

Public authorities can offer mortgage credit to housing cooperatives directly, such as in the case of Uruguay’s National Housing Agency, or via a public bank, such as in Hamburg (*Hamburgische Investitions- und Förderbank*), often at relatively affordable rates.

##### 1.2.2. Public guarantees for mortgage loans

Public guarantees facilitate cooperatives’ access to mortgages from banks and credit institutions. In Quebec, for example, cooperatives can benefit from a 35-year loan guarantee and often contract a mortgage out with credit cooperative.

#### 1.3. Direct subsidies

Object subsidies are a very direct way of promoting cooperative housing production. Municipalities in

Denmark, for example, provide 14% of initial capital for *Almene boliger* (common housing) projects, whereas in countries like Germany and the Netherlands these types of subsidies are often linked to building sustainability criteria.

#### 1.4. Indirect subsidies

In most cases, cooperatives are eligible for corporate and/or property tax exemptions related to their non-profit character and/or to the “non-homeowner” status of their residents.

#### 1.5. Technical support

Specialised technical support teams for housing cooperative ventures, such as the “*Groupes de ressources techniques* (GRT)” in Quebec or the “*Institutos de Asistencia Técnica* (IAT)” in Uruguay, are often publicly-regulated to guarantee their quality and non-profit nature. Public authorities, moreover, often provide or fund different support services for cooperatives, such as the recently

housing units, moreover, cannot be inherited by kin residing outside the cooperative. In other cases, such as Italy, housing units can be inherited by family members.

#### 2.2. Subsidies to keep affordability

##### 2.2.1. Subsidies to cover resident monthly quotas/rent payments

In many cases, low-income residents can access subsidies towards covering their monthly housing costs. In Uruguay, public subsidies guarantee that residents do not have to dedicate more than 25% of their household income towards mortgage payments. In cases of poverty or extreme poverty, this percentage can be reduced to 14% and 8% respectively.

##### 2.2.2. Refurbishment and renovation subsidies

As housing maintenance costs can increase considerably in old buildings, cooperatives can often access corresponding subsidy programmes for building renovation and refurbishment, some of which, such as in Montreal and

**Established examples show that local and regional public authorities interested in promoting cooperative housing can do so in different ways within their own competences, without the need for alignment with other levels of governance.**

established “Community-Led Housing Hubs” in the United Kingdom.

## 2. ACCESS TO AND MANAGEMENT OF COOPERATIVE HOUSING

### 2.1. Regulations on the access to the cooperative housing stock

#### 2.1.1. Reserve of housing units for social housing waiting lists

In exchange for public support, a percentage of housing units in cooperatives are often reserved for social or municipal housing waiting lists. Percentages range from around 10% for publicly-supported cooperatives in Denmark (programme terminated in 2004) to 30% in Vienna.

#### 2.1.2. Norms over the functioning of waiting lists and housing unit transfers

Regulations regarding resident income composition and inheritability of housing units also shape the forms of access to cooperative housing. In Quebec, for example, cooperatives must aim for a resident income composition between 75% and 95% of the median income of the area in which they are located. The right to use cooperative

New York, are specifically tailored towards cooperative housing.

## 3. MAINTENANCE OF THE COOPERATIVE MODEL IN TIME

### 3.1 Regulations restricting housing equity and the commodification of dwellings

#### 3.1.1. Limitations in cooperative shares equity

The buying and selling of cooperative membership shares are price-regulated according to different criteria. Whereas in some cases, such as in the UK’s mutual housing cooperatives, the cost of a share remains symbolic (1 GBP), in others, such as in Uruguay and Denmark, it can appreciate in time within the publicly-set price ceilings.

#### 3.1.2. Regulations on monthly quotas/rental payments

Resident monthly housing payments are also often regulated. In Zurich, monthly rental payments are cost-priced, that is, they are fixed according to the general costs of the housing project. In Quebec, they are fixed at between 75% and 95% of the median rental price in the area where they are located at the time of founding. With

the passage of time, monthly payments can be adjusted, within these limits, depending on the evolution of overall maintenance costs.

### 3.1.3. Sub-letting norms

Different norms are enforced that regulate the sub-letting of rooms and/or units, so as to ensure that cooperative dwellings serve as a primary residence and cannot become a for-profit investment.

### 3.1.4. Tenure change norms

Tenure change from collective to individual home-ownership is prohibited in cooperatives in Quebec and Denmark. In other cases, this prohibition is limited in time, from 10 years in Austria to 40 years in Germany. In others, tenure change requires special majorities in cooperative assemblies, two-thirds majorities in Switzerland and three-fourth majorities in Uruguay. In the case of Denmark's *Almene boliger* (common housing), privatisation (through individual home-ownership) of housing units requires both a two thirds majority in the local assembly as well as permission from the "mother" housing association or from the municipal authorities under certain conditions.

### 3.1.5. Cooperative dissolution regulations

In most cases, the assets of housing cooperatives must be passed on to other housing cooperatives or cooperative

institutions in case of dissolution. In Denmark they can also be passed on to a rental housing provider and in Switzerland, municipal or canton authorities can exercise pre-emptive rights.

## Conclusions

This *CIDOB Briefing* has presented the two main contributions of an international comparative study of legal and policy measures that promote cooperative housing. The first contribution is a framework for policy analysis and deliberation centred on cooperative housing as an affordable and accessible housing alternative. The second contribution is a kaleidoscope of concrete examples of legal and policy measures from 10 different countries that are relevant to the proposed framework. In all, the study provides insights into some of the policy tools that can be mobilized for a renewed public effort to seek and implement housing solutions fit for contemporary urban conditions. It also highlights the importance of safeguarding these efforts from commodification pressures inherent to residential markets and urban political economies, and the weaknesses and loopholes that presently exist in many of the case studies. An integrated and complementary policy approach to promoting and maintaining cooperative housing needs to be addressed through robust institution-building within and across public policymaking, residents and the cooperative housing sector, towards the establishment of truly public-cooperative housing programmes.

**Table: Cooperative housing policy framework**

Phases / "moments"	Policy Areas	Policies
PRODUCTION OF COOPERATIVE HOUSING	Access to land/buildings	<ul style="list-style-type: none"> <li>• Sale of public land</li> <li>• Lease of public land</li> <li>• Rehabilitation programmes</li> <li>• Transfer of public or social housing</li> <li>• Land/building reserves in new developments/renovations</li> <li>• Right of first refusal and pre-emptive rights</li> </ul>
	Access to financing	<ul style="list-style-type: none"> <li>• Public credit lines</li> <li>• Public guarantees for mortgage loans</li> </ul>
	Direct subsidies	<ul style="list-style-type: none"> <li>• Object subsidies</li> </ul>
	Indirect subsidies	<ul style="list-style-type: none"> <li>• Tax exemptions</li> </ul>
	Technical support	<ul style="list-style-type: none"> <li>• Regulations on technical support teams</li> <li>• Advice and information services</li> </ul>
ACCESS TO & MANAGEMENT OF COOPERATIVES	Regulations on the access to the cooperative housing stock	<ul style="list-style-type: none"> <li>• Reserve of housing units for social housing waiting lists</li> <li>• Norms over the functioning of waiting lists and housing unit transfers</li> </ul>
	Subsidies to keep affordability	<ul style="list-style-type: none"> <li>• Subsidies to cover resident monthly quotas/rent payments</li> <li>• Refurbishment and renovation subsidies</li> </ul>
MAINTENANCE OF THE COOPERATIVE MODEL IN TIME	Regulations restricting housing equity and the commodification of dwellings	<ul style="list-style-type: none"> <li>• Cooperative shares equity limitations</li> <li>• Regulations on monthly quotas/rental payments</li> <li>• Sub-letting norms</li> <li>• Tenure change norms</li> <li>• Cooperative dissolution regulations</li> </ul>