

International policies to promote cooperative housing

Original

International policies to promote cooperative housing / Baiges, Carles; Ferreri, Mara; Vidal, Lorenzo. - (2019).

Availability:

This version is available at: 11583/2971595 since: 2022-09-22T09:39:57Z

Publisher:

Published

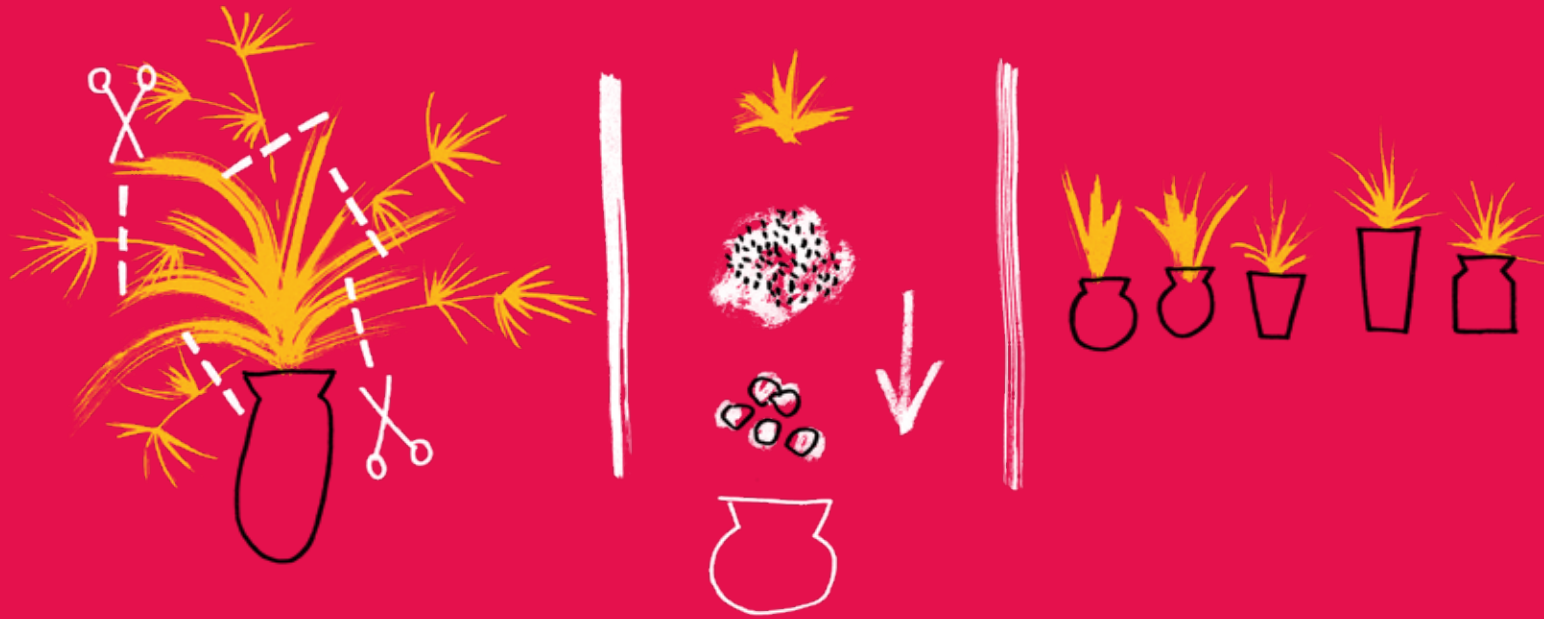
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International policies to promote cooperative housing

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LADINAMO

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Impulsat per:

LACOL
ARQUITECTURA
COOPERATIVA

LADINAMO Fundació
per a l'habitatge
cooperatiu

Amb el finançament de:



Amb la col·laboració de:



This publication has been made possible thanks to the support of the Generalitat de Catalunya in the framework of the Subsidy for Singular Projects, the network of Ateneus Cooperatius and Aracoop projects, promoted by the Department de Treball, Afers Socials i Famílies, and funded by the Ministeri d'Ocupació, Migracions i Seguretat Social-Servei Públic d'Ocupació Estatal.

Edition

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Introduction

La Dinamo Fundació and Lacol

The following text is the extension of an article included in the publication, *“Impuls de les cooperatives d’usuàries d’habitatge. Per a una política pública cooperativa d’accés a l’habitatge a Catalunya”* (“Promoting User Housing Cooperatives. For a cooperative public policy on access to housing in Catalonia”), published by La Dinamo Foundation and Lacol cooperative. It is part of a larger project titled “Towards the scalability of cooperative housing through cooperative-public collaboration” which aims to contribute to the integration and enhancement of housing cooperativism within the public policy system in Catalonia. This publication has been made possible thanks to the support of the Generalitat de Catalunya in the framework of the Subsidy for Singular Projects, the network of Ateneus Cooperatius and Aracoop projects, promoted by the Department de Treball, Afers Socials i Famílies, and funded by the Ministeri d’Ocupació, Migracions i Seguretat Social-Servei Públic d’Ocupació Estatal.

La Dinamo Foundation is an entity born in mid-2016, from the experience of La Borda housing cooperative, dedicated to promote cooperative housing in Catalonia. We do this through the support and promotion of new projects, the dissemination and research, and the promotion of inter-operation and the promotion of public policies to strengthen the model.

Lacol is an architecture cooperative, specialized in consulting on the field of public housing policies, and in promoting housing cooperatives especially in the field of participatory design and the support in the construction process.

You can find the full research (in Catalan) in:
ladinamofundacio.org/recursos/#impuls



Aerial image of Montevideo (Uruguay)
Source: Wikimedia

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This article is based on a comparative analysis of case studies as part of a project led by La Dinamo Fundació and Lacol, in collaboration with the Barcelona Centre for International Affairs (CIDOB) and funded by Projectes Singulars.

This study offers an international review of the legal tools and public policies available to different levels of government to promote housing cooperativism. It focuses specifically on tools that bolster affordability and the decommodification of such housing models. The study develops a multi-level and long-term approach to the housing life cycle, bringing together policies that shape the production phase, impact housing management, and focus on maintaining the model over time. It is based on the analysis of case studies of cities, regions and countries where public policies have played a significant role in the promotion of housing cooperativism. The case studies were undertaken by the following researchers: Carles Baiges (Holland), Eduard Cabré (New York), Mara Ferreri (United Kingdom), Max Gigling (Quebec), Ernst Gruber (Austria), Lorenzo Vidal (Uruguay and Denmark), Corinna Hölzl,

Tobias Bernet and Helga Ring (Germany), Luisa Rossini and Emanuela Di Felice (Italy), and Claudia Thiesen (Switzerland).

What do we mean by cooperative housing?

Cooperativism in housing has yielded considerably heterogeneous sectors in regard to size, historical trajectory, tenure models and institutional and organizational forms. This research is focused on models of cooperativism that meet two key conditions: firstly, that residents are, at least nominally, collective 'owners' of their homes and, secondly, that such homes cannot be purchased or sold on the free market. In other words, models in which home-ownership remains in the hands of the cooperative and residents cannot individually capitalize on the market value thereof. This definition includes rental models and models in which members have a stake in the cooperative's equity; models with a large degree of self-management and others that are highly professionalized; models that are very closely aligned with the social and public housing sectors and others that are completely autonomous. The concept of 'zero-equity' or

‘limited-equity’ cooperative housing models are often used to encompass these different experiences. In Catalonia, to varying degrees, we can find similarities between these models and the emerging sectors of cooperative housing ‘en cessió d’ús’.

The objective of this study is not to examine the specific features of different cooperative housing models, but rather the legal frameworks and public policies in force to keep such housing affordable and decommmodified. In other words, it aims to identify and compare public policy interventions that enable cooperatives to become a tool for achieving housing as a right and as a real alternative to speculative real estate dynamics.

Opportunities for public policy intervention at different levels

While in some cases most public policy interventions are developed at the municipal level, in others, they are introduced at the regional or even national scale. The tools used during the different stages of the housing life cycle, in any case, cannot be taken in isolation, but should be understood as part of a policy framework capable to provide a comprehensive response to the particularities of each context. In some countries reviewed, the cooperative housing sector took root during the early 20th century, while in others it did not consolidate until the 1970s. Both periods stand out as phases of a general expansion of cooperative housing practices and policy-making. Since 2000, and particularly after the financial crisis of 2007-2008, a third period of expansion can be identified in most of the countries featured in this study and internationally.

In short, we are now witnessing a new wave of public-cooperative initiatives in the housing sector, which could include Catalonia. The history of housing cooperativism in these countries offers important ideas and lessons towards this aim.

Impact of public policy

While this study does not enter into a detailed analysis of the effects of public policies in each country, it is clear that government support has had an impact on the different phases of cooperative housing. Let’s take three countries as an example.

In Denmark, Almen “common” housing experienced exponential growth after 1946, when it was featured in public policies as a central tool for the working class to access housing. Likewise, the number of Andel cooperatives increased following legislative changes in the 1970s that granted tenants pre-emption and first-refusal rights to form a cooperative, and following the introduction of financial aid in 1981.¹

1973	1989	2008	2013	2017
69	366	581	1650	2142

Number of housing cooperatives in Uruguay per year.²

In Uruguay, housing cooperativism began in the years following the establishment of a specific legal framework in

¹ «Asociaciones y cooperativas de vivienda en Copenhague y Dinamarca». Text written for the section «Análisis de experiencias nacionales e internacionales» of the R&D Project «Cooperhabitar: claves para la generación de procesos cooperativos que aseguren el derecho a una vivienda digna en Andalucía».



the 1968 National Housing Act. The movement was brought to a halt during the dictatorship (1973-1985), but finally flourished since the late 1980s. In recent years, policies supporting cooperatives have led to an exponential growth of cooperative initiatives (La República 2018). The 2010-2014 National Housing Plan funded a total of 9,697 homes for 300 cooperatives, and the 2015-2019 Plan aims to create 10,000 more.³

Similarly, around half of all housing cooperatives in the United Kingdom were established between 1977 and 1987, during a period of public support for the model, for example by creating the Cooperative Housing Agency, in 1976. For example, in 1976, the central government created the Cooperative Housing Agency to promote the growth of housing cooperatives.

Methodology of the study

Transnational comparisons of housing systems are complex and always require some explanation of methodology. There exist multiple barriers to comparative housing research, including issues with data availability, the presence – or absence – of sustained academic housing study and different definitions of tenure, affecting even mainstream categories such as social housing (Scanlon et al. 2014). These general difficulties are only further exacerbated in the study of cooperative, collaborative and community-led housing and their relationship to public policy. Diverse national histories, scales, legal frameworks,

institutional and economic processes all make housing cooperativism geographically singular. Moreover, the quantitatively marginal nature of housing cooperatives often leads to their neglect in national official statistics and reports. To date, few transnational overviews have been undertaken by international organizations such as Cooperative Housing International, and it is only in recent years that attempts have been made to review and compare the progress made in resident-led housing provision, increasingly under the umbrella of ‘collaborative housing’ (Lang et al. 2018; see also Special issue 2018).

This study offers a modest contribution to this burgeoning transnational literature by identifying and comparing different typologies of public support for user-led cooperative housing, under what we term public-cooperative mechanisms.

In the selection of case studies, the study chose a wide angle in order to explore a variety of the public-cooperative mechanisms available, rather than following a strict, best practice approach. Therefore, alongside mainstream and well-established cooperative housing systems, such as those in Uruguay or Quebec, the study has also included relatively marginal, experimental or short-lived programmes, whose impact on both housing provision and policymaking are difficult to assess, but which nonetheless present interesting and relevant approaches. These 10 case studies were chosen based on a combination of existing academic and housing sector literature reviews and prior knowledge and expertise. They include contemporary and historical policies and

^{2&3} See www.cudecoop.coop/cudecoop/las-cooperativas-en-uruguay/ and www.universidad.edu.uy/libros/opac_css/doc_num.php?explnum_id=323.

programmes and are geographically heterogeneous, from state-wide overviews to regional or municipal examples. This heterogeneity reflects the diverse levels of housing and planning governance, as well as the different degrees of maturity and integration of cooperative housing policymaking across different levels of governance.

In the first phase of the research, 10 individual case studies were identified and commissioned. In-depth knowledge of relevant policy mechanisms was prioritized over any attempt at exhaustiveness regarding each national co-operative housing or planning frameworks, although each case study includes a contextual introduction. As can be observed in the annex, policy tools and mechanisms are described in a series of short paragraphs that follow three thematic categories, or ‘moments’, in the public-cooperative process: production, access and management, and maintenance over time. Wherever possible, each study identifies the level of governance and policymaking, distinguishing between municipal, regional and/or national and offers references to concrete examples of legislation or housing programmes.

As outlined in the introduction, we placed particular emphasis on the third moment, as necessary for a long-term perspective. Longitudinal studies of cooperative housing sectors across the world, such as in Denmark (see Larsen et al. 2015), Uruguay (Vidal 2019) and Puerto Rico (Morales 2018) have shown that the creation of mechanisms to avoid commodification is paramount to maintain cooperative housing as an accessible and affordable alternative to market housing. Rather than a separate moment, the issue

of maintenance over time thus runs across both issues of production and access and management, revealing the strengths and weaknesses of different models.

In the second phase of the study, data from the 10 case studies was compiled in a comparative table and examined. The three-month iterative process of analysis included careful translation between different languages, definitions of tenure, and legal and policy frameworks. Further clarifications were sought and details added to better understand national and regional peculiarities, as well as the position of co-operative housing in relation to the wider housing and planning systems, and to ensure comparability. The thematic comparative analysis was organized according to the categories collected in the table at the end.

A long-term perspective on the housing life cycle

Emphasis is often placed on the production phase of cooperative housing; while construction is a key moment, it is not the only stage that defines a model’s distinguishing features. Rather, it is also necessary to take a long-term view and understand the frameworks that, over time, regulate access and use, as the pressures of privatization and commodification pose a constant threat. With this in mind, we have grouped relevant public policies and legal frameworks into three different moments or phases of the housing process: 1) production, 2) access and management, and 3) maintenance of the model over time. Although we use the term ‘moment’ or ‘phase’, it is important to point out that they are often not separate and clearly defined periods of time, in fact they may even overlap. Each phase deals with different policy areas and measures.



Areas of influence and tools of public policy

1. Production

- 1.1. Access to land and buildings
- 1.2. Financing
- 1.3. Direct subsidies
- 1.4. Indirect subsidies
- 1.5. Technical support

2. Access and management

- 2.1. Regulation on access to the cooperative housing stock
- 2.2. Subsidies to maintain affordability

3. Maintenance of the model over time

- 3.1. Regulations restricting housing equity and the commodification of dwellings

Public policy interventions in each of the three moments can affect the outcomes of cooperative housing projects:

1. Cooperative housing production. Public authorities can promote the production of new cooperatives and new cooperative housing through measures that grant access to land, buildings, funding, financial resources and/or technical support. Such factors affect the overall initial cost of housing projects and, thus, their initial affordability. Moreover, they bear considerable weight on the scale and replicability of cooperative housing developments.

2. Access and management. Public administrations can influence regulations on access to the cooperative housing stock to prevent potential nepotism and to keep the sector

open to a wider public. They can also improve the long-term affordability of cooperative housing by granting subsidies for low-income residents and by providing financial assistance for maintenance and renovation.

3. Maintenance of the model over time. Regulations may be introduced to limit the possibility of realizing profit or accumulating individual equity. Public authorities can also create barriers to members or other interested parties tempted to capitalize on the exchange value of the cooperative housing.

Findings

1. Cooperative housing production

In this section, we identify the different tools used by public administrations to create new housing cooperatives in their cities and regions: 1) access to land and buildings, 2) access to funding, 3) direct subsidies, 4) indirect subsidies and 5) technical support.

1.1. Access to land and buildings

Access to land and/or buildings for new developments is a major expense when founding housing cooperatives. Public support mechanisms can be grouped into the following types: *a)* the sale or *b)* lease of public land for new housing cooperative developments; *c)* policies that support the transformation of existing buildings through rehabilitation programmes or *d)* through the transfer of existing public or social housing to the cooperative sector; *e)* reserving land or housing in new urban developments and *f)* pre-emption and first-refusal rights.

a) Sale of public land

There are several models for the sale of public land to establish new housing cooperatives. In Germany, for example, in municipalities such as Hamburg, Berlin, Freiburg, Tübingen and Munich, it is possible to purchase public land for the development of community housing (at a minimum for groups of 3 houses; 20 homes on average). Public land is transferred through *Konzeptverfahren* and *Konzeptvergabe*: competitive tender processes based

on social and environmental sustainability criteria. The city of Munich has specific tender procedures for housing cooperatives. In Austria, Italy and some Swiss municipalities, housing cooperatives can also purchase public land at a lower price to develop affordable housing.

One example of a systematized sale of public assets to cooperatives is Uruguay, through the Portfolio of Properties for Social Interest Housing (CIVIS). Cooperatives interested in purchasing public land and/or property can submit a proposal to the regular calls held by the Ministry of Housing (MVOTMA). Among the different types of housing developers that can apply for such tenders, priority is given to cooperatives, which can obtain up to 50% of total allocations (Mendive 2013). Their proposals are evaluated by technicians from the National Housing Directorate. Allocation criteria are based on the cooperative's architectural and planning proposal, as well as on its development and stability over time, which includes members' heterogeneity, social and educational activities and the seniority of the project. A similar 'portfolio' has been established at the municipal scale in the capital Montevideo.

Demand for public land is a constant of cooperative movements in Uruguay
Source: Montecruz



b) Lease of public land and property

In several countries, preference goes to keeping land in public ownership and offering a leasehold to cooperative projects. In Austria, land can be transferred in this way to affordable housing developers. In the case of Vienna, the City Council has created a limited-profit organization for house building and urban regeneration (*wohnfonds_Wien*) which purchases public and private land to guarantee plots in strategic areas and sets calls for tender for the construction of new social housing, including cooperative housing.

In Italy, local governments can make use of urban planning tools to create affordable and social housing zones on public land or land that has been expropriated to this purpose. Land is then transferred through leasehold, generally lasting 99 years. In Germany, public land is being leased at the municipal level for the first time, for example in Hamburg. Federal legislation establishes a minimum term of 30 years and a maximum of 99, at the end of which, if the leasehold agreement is not renewed, cooperatives can apply for compensation or other favourable options, such as pre-emption and first-refusal rights.

In Holland, most local governments use an unlimited lease model (*erfpacht*), with ground rent that is either fixed or adjusted every 50 to 75 years, for developing not-for-profit housing. In recent years, the city of Amsterdam has employed this model to promote four new cooperative housing developments.⁴ In Quebec, the Quebec Housing Society (SHQ), a regional public body, and local authorities can lease public buildings to cooperatives for a minimum period of 50 years and for a fixed rent.

c) Activation of new cooperative projects through the rehabilitation of existing housing stock

In some contexts, local governments have promoted the transfer of existing public and private buildings in need of maintenance to housing cooperatives. New York City has promoted public programmes that provide support for public and private tenants who want to purchase their building and manage it as a cooperative with the backing of an external entity. Examples include the Affordable Neighborhood Cooperative Program and the Third Party Transfer Program. These programmes include public aid for rehabilitation in exchange for maintaining housing affordability for a fixed period, which is calculated in relation to the amount of subsidy received. Such programmes are often focused on small, multifamily buildings for rent that are very expensive and difficult to manage by municipal housing agencies.

Some rehabilitation and cooperativization programmes have included buildings occupied by squatters. In Italy, in 1998 the regional government of Lazio approved the Law of Cooperative *auto-recupero* (self-refurbishment), which provided support for the rehabilitation and transformation into cooperative housing of 11 vacant public buildings and a convent in Rome. Most of the 249 homes had been squatted for a long time. In the United Kingdom, between the end of the 1960s and 2000s, municipal governments had programmes to temporarily transfer badly maintained

⁴ These housing cooperatives, built in 2017, are located on Centre Island, in the East (Archimedesplantsoen) and in the South (Havenstratterrein). Following a motion by the City Council, a fourth location in Noord (Elzenhagen Zuid) was added (Platform31 2018).

buildings –many of which had been squatted– to mutual housing cooperatives known as “short-life”. These were especially common in London, where by the mid-1980s 15,000 people were housed through this model (Bowman 2004). While many have dissolved over time, one of every four existing mutual cooperatives in the city has its roots in the “short-life” model.

d) Transfer of existing public or social housing to the cooperative sector

Another possible route is to transfer the management or property the public or social housing stock to housing cooperatives. In the United Kingdom, tenant management organizations were founded following the introduction of the right to manage in 1994. This is a model in which tenant groups and non-governmental housing associations can manage publicly-owned housing. Today, more than 62,000 rented social housing units are managed by approximately 170 organizations, which are generally considered part of the cooperative sector. Some stock was also transferred through the Community Gateway Model, developed by the cooperative housing movement and locally controlled by residents, who have the right to become members by paying a nominal £1 fee. There are four Community Gateway Associations in England, which manage more than 24,000 social homes.

In Holland, the 2015 Housing Act established a framework for housing associations that supports existing groups of tenants who wish to form a housing cooperative and become collective owners of the buildings in which they live. The housing association is not obliged to sell its properties to

such groups, but must give them a chance: six months are granted to discuss the possibility of becoming a cooperative and resources are offered (€5,000 minimum) to develop a cooperative plan. One way to make such an acquisition is through the purchase of shares. A limited company (*B.V.*) is created to purchase the residential complex and then the housing cooperative gradually purchases shares to gain more control. This mechanism can also be used to build new cooperative housing (*B.V. constructie*), with housing associations participating as shareholders. The cooperative achieves total control when it owns more than 50% of the shares.⁵

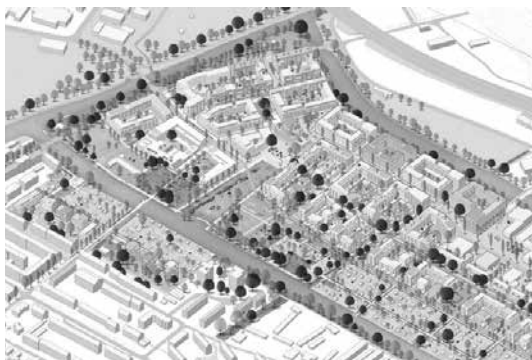
e) Reserving land or housing in new urban developments

Another common mechanism to support the establishment of new housing cooperatives is to make it compulsory to reserve land and/or housing for this purpose in new plans and building developments. This is practiced in the province of Tyrol, in Austria, and in Holland, after the approval of the Spatial Planning Act in 2008. In Denmark, local governments can force new private developments to reserve 25% of their space for common housing (*Almen*). In Germany, some municipalities reserve a percentage of land for cooperatives, for instance in Freiburg and Hamburg, where a 2018 municipal ordinance established that 20% of the land in new developments had to be reserved for *Baugemeinschaften* (cooperatives and foundations). In the district of Wilhelmsburg, for example, 1,200 out of 5,000 homes in a

⁵ Cooplinc Kennisnetwerk Wooncoöperaties
www.cooplink.nl/wiki/B.V._constructie.



In newly built neighborhoods, such as Wilhelmsburg (Hamburg), 20% of new homes are reserved for cooperatives. Source: Hosoya Schaefer Architects / agence ter / IBA



new development will be reserved for *Baugemeinschaften*, to be put out to tender in 2020 (IBA Hamburg 2018).

f) Pre-emption rights and rights of first refusal

The last mechanism used to access land or buildings for the creation of cooperative housing consists of pre-emption rights and the right of first refusal. In Denmark, since 1976, the law grants tenants pre-emption rights over their homes if they form a cooperative. At least 60% of tenants in the property must be in favour of forming a cooperative under this system.⁶ In southern Austria, local governments may use their pre-emption right over land to offer it to limited-profit housing developers (including cooperatives) at a lower cost. In Germany, pre-emption rights have also been used by tenants to purchase property and establish the housing organization *Miethauser Syndikat*.⁷ The main necessary condition is that the property be located in ‘social conservation’ areas (*Soziale Erhaltungsgebiete*). Under certain circumstances, local governments have pre-emption rights in areas designated for “the protection of social composition” (*Soziale*

Erhaltungssatzung and Milieuschutz), which they usually exercise in favour of municipal housing associations, including cooperatives and shared housing projects.

1.2. Access to financing

Access to financing is essential to ensure that projects are economically viable and affordable. Public support usually takes the form of *a)* public lines of credit or *b)* guarantees. In some cases, administrations contribute to the initial equity required by cooperatives, which facilitates access to private financing.

a) Public lines of credit

The most direct way to fund cooperative projects is through financing from banks and/or public institutions.

In Uruguay, once cooperatives have been allocated land, they can access public funding by participating in lotteries organized by the Ministry of Housing twice a year. If a cooperative is unsuccessful for two consecutive times, it is automatically granted a loan on the third attempt. There is also a line of credit to help new members cope with the initial down payment (the funding scheme for projects in Uruguay is designed so that this down payment will increase over time). These loans cover 85% of total costs for a 25-year term at a 5% interest rate (FUCVAM 2017).

⁶ Almenboligloven Act, Chapter II
www.retsinformation.dk/Forms/R0710.aspx?id=203465.

⁷ For example, *Miethauser Syndikat* (n.d.) *Projekt Seume 14* and *Projekt Z48 Kreuzberg e.V.*, available at: www.syndikat.org/de/projekte/seume14/ and www.syndikat.org/de/projekte/z48-kreuzberg-e-v/

In Germany, city-states such as Berlin or Hamburg provide zero-interest loans for new developments or to purchase buildings. As is the case in Uruguay, they also offer zero-interest or very-low-interest loans for members to make the initial down payment (Berlin Senat). For example, IFB, the public bank in Hamburg, offers loans up to €25,000 with a low-interest rate and for a 20-year term (IFB Hamburg 2019).

In Austria, Vienna offers between €510 and €700 per m² with a 1% interest rate. While it is available to cooperatives, in practice most developers that use it are limited-profit entities, possibly due to the complexity of the process. Since 2011, the city has sold municipal plots under a plan known as *Wohnbauinitiative*, which offers ‘bullet loans’ of €80 per m², with an interest rate of 3.9% for 10 years, which means that repayments are interest-only for most of that time.

b) Public guarantees

Another way to support the financing of cooperative housing is to offer guarantees so that projects can access favourable loans through ethical or cooperative banks, or on the private market.

In countries such as Denmark, local governments offer guarantees to cooperatives that wish to request a loan to purchase or build new housing. In New York, cooperatives can receive guarantees by municipal, state and federal entities. Quebec offers a public guarantee for 35 year loans, which are usually signed with a cooperative bank. In Austria, local governments of municipalities such as Vienna offer second mortgages, that is, mortgages on houses that are already mortgaged. In Italy, unsubsidized

costs can be financed through low-interest loans backed by the local public administration. Cooperatives can also receive guarantees from the national government, under the supervision of the Ministry of Infrastructure.

In Holland, there are public guarantees for senior co-housing projects, which can include cooperatives. They offer a guarantee of up to 90% of the loan during the development phase of the project and of 15% during construction. Up to 50 projects can be backed per year, for a maximum of €164.4 million.⁸

1.3. Direct subsidies

Financial support in the form of subsidies is the most direct type of support for cooperative projects. In some cases, there are specific subsidies for the cooperative model alongside more general subsidies for the affordable and social housing sector.

In Denmark, for example, a programme that ran from 1981 to 2004 offered subsidies for up to 10% of the initial cost of cooperative (*Andel*) projects. Today, local governments still provide 14% of initial capital to new common housing developments (*Almen*).

In Holland, there are no specific subsidies for cooperatives, but there exists financial support for self-build projects

⁸ «Stimuleringsregeling Wonen en Zorg» (s.d.) in Cooplink Kennisnetwerk Wooncoöperaties www.cooplink.nl/nieuws/stimuleringsregeling-wonen-en-zorg.

⁹ Gemeente Amsterdam (s.d.) *Subsidie Duurzame zelfbouw*. www.amsterdam.nl/veelgevraagd/?productid=%7BA6E63C76-EE62-4CA6-BA84-AC8B1EEDEDB0%7D.



that apply sustainability measures. The local government of Amsterdam offers €3,000 per house with an energy certificate lower than 0.25 EPC, and €5,000 if lower than 0.15. The maximum subsidy per building is €200,000.⁹ Regions such as Gelderland also offer subsidies for self-build projects: €2,000 to establish the group, €10,000 to prepare a new built project and €12,500 in the case of existing buildings (Gelderland 2016).

In Germany, the city-state of Hamburg offers general subsidies and other additional support depending on the characteristics of the project. There are specific subsidies for projects that meet energy efficiency criteria, remove architectural barriers, create public or neighbourhood spaces, install elevators or parking places, promote car-sharing for residents, provide charging points for electric cars and bike parking, build compact housing, use compact construction, integrate at-risk groups, or provide emergency housing (IFB Hamburg 2019).

In the case of Quebec, up to 50% of the mortgages can be converted into non-refundable subsidies for cooperatives that meet specific criteria. Another important point worth mentioning is that to access the different subsidies offered by the AccèsLogis programme, cooperatives must have initial capital representing 15% of development costs (or 5% if specific aspects of economic viability can be demonstrated). This initial contribution, however, is not required from residents, but often from the city council (Montreal has an agreement on this, for example) or other public entities.

1.4. Indirect subsidies

Due to the type of membership and the non-profit nature of housing cooperatives, they are often exempt from paying certain taxes, such as property taxes, as in Uruguay and Denmark, and corporate taxes, as in Quebec and Austria. In Holland, there is a formula that supports small cooperative developments by granting them an exemption on the 'lease tax' for their first 50 homes (Platform31 2018). This and other types of tax exemptions for housing cooperatives are present in most of the cases studied.

1.5. Technical support

In most of the cases, public authorities play a role in the provision of technical support to cooperatives, ranging from information and training to technical assistance, either in the form of subsidies or through public services or, at the very least, by defining the requirements for such support.

In England and Wales, the Housing and Planning Act 2016 introduced the 'right to build'; local authorities are legally obliged to maintain a register of groups that want to build their own homes on public or private land, and include this in local planning. In Vienna, the *Gebietsbetreuungen* are multi-disciplinary teams created and designed by the City Council to serve as local coordinators responding to the needs of residents, sometimes facilitating interaction with teams that offer technical support. In Austria, technical assistance for loan recipients focuses on compliance with administrative issues. In large development projects there is also technical support available for matters such as mobility and open spaces. In New York, there are training programmes on how to manage housing projects. In Almere

(Holland), there is an advisory point for self-build housing developments, although it is not aimed exclusively at cooperatives.

In some countries, support is provided directly by independent professionals but regulated by the State. The administration in Quebec recognizes Technical Resource Groups (GRT) after verifying that they meet specific technical requirements. Remuneration for GRT is limited by the administration and paid for by the cooperative, which can request a public subsidy to cover such costs. Similarly, in Uruguay, the Technical Assistance Institutes (IAT), multi-disciplinary non-profit teams, are regulated by law. Groups that opt for public land and loans are obliged to hire support of this kind, but the cost of their services may not exceed 5% of the total cost of the project. Another relevant example is England, where Community-led Housing Hubs have been recently created. These are advisory agencies for new community housing projects, by local governments and by the national Community Housing Fund (Community-led Housing), which covers professional support, viability studies and assistance in finding land.



MVOTMA

Ministerio de Vivienda
Ordenamiento Territorial
y Medio Ambiente



Draw of public loans for cooperatives in Uruguay
Source: MVOTMA

2. Access and management

Public administrations may implement regulations on the cooperative housing stock to influence its demography and promote its affordability. Two main tools stand out: 1) regulations on access to the cooperative housing stock and 2) subsidies to maintain housing affordability.

2.1. Regulation on access to the cooperative housing stock

Regulations on access to cooperative housing is important regardless of whether cooperative projects receive direct subsidies or not. A series of mechanisms to guarantee accessibility and oversee eligibility criteria exist: *a)* reserves of housing units for social renting and *b)* regulations on waiting lists and the transfer of housing units.

a) Reserve of housing units for social renting

Many public administrations provide support for the development of cooperative housing if projects reserve some of their housing units for low-income families. This is accomplished by placing income limits on some new development units, often reserved for people on social housing registers or considered socially vulnerable. In many European countries, accessibility is promoted through quotas, that is, by reserving a certain percentage of a cooperative development for social rented housing.

In Denmark, 25% of common housing (*Almen*) is reserved for households and persons on the municipal social housing register. Moreover, until 2004, local governments could also purchase a share or rent units that ended up vacant in housing cooperatives (*Andel*) that had been

publicly supported, although these arrangements could not represent more than 10% of the cooperative's total housing.¹⁰ These units had to be used to resolve urgent municipal housing needs or to create a more balanced mix of residents in general. In Vienna, in cooperative developments that receive housing subsidies, one third of all flats are allocated by the administration to households on municipal housing waiting lists.

In some countries, quotas for low-income households are linked to specific subsidies for construction or rehabilitation. In Holland, new cooperative developments receive a discount on the price of land if they include social housing units.¹¹

Some German cities also offer municipal credit for units reserved for low-income residents, such as zero-interest loans in Berlin (*Neubauförderung and Genossenschaftsförderung*). In Hamburg, a portion of new cooperative developments is reserved for social housing applicants. Income categories are used to prevent segregation and promote social mix in new developments. Income levels and composition are reviewed every five years. Different quotas are set based on the income category, ranging from a minimum of 30% to a maximum of 45% of the social mix. In small cooperatives built using public subsidies, this

¹⁰ Almenboligloven Act, Chapter 11a. Private housing cooperatives with support (cancelled in 2004). Subsection 4, PCS 4.

¹¹ For example, the Amsterdam Center Island Pilot Housing Cooperative receives a discount on the price of land of €361 per m² of surface area allocated to social renting (excluding VAT) (Gemeente Amsterdam, n.d.).



percentage must be maintained for the entire duration of the subsidy (20 years minimum) and applies to new housing allocations in the case of population changes.

b) Norms over the functioning of waiting lists and the transfer of leases

To understand accessibility to cooperative housing, it is essential to analyze eligibility criteria and selection mechanisms for new members. Public administrations often establish socioeconomic criteria for access but can leave cooperatives varying degrees of autonomy in the selection of new members.

In New York, for example, when a housing unit becomes available in a cooperative that has received public funding from the Affordable Neighborhood Cooperative Program, it must be offered to households with an income between 80% to 120% of the area average income. In Austria, eligibility for access to subsidized housing is set at the regional level, although waiting lists are managed directly by housing cooperatives and associations.

In Quebec, housing cooperatives are responsible for managing the selection of new members autonomously (Société d'Habitation du Québec 2003.) Since 1997, rental cooperatives (*coopérative d'habitation locative*) that receive funding from the programme AccèsLogis must meet the general principle of favouring households with an income ranging from 75% to 95% of the area average income. To access rental subsidies from the Quebec Housing Society (SHQ), applicants must have the SHQ certification that applies to all publicly-funded affordable and social housing.

New members of housing cooperatives can come from different waiting lists. In Denmark, access to 75% of common housing (*Almen*) is granted through an open and transparent waiting list managed by the association, while the local government has its own social housing registry to cover the remaining 25%. In the United Kingdom, housing cooperatives decide on new residents autonomously through direct application. If the organization has received public aid, however, it must also accept people from municipal waiting lists.

In the province of Tyrol, in Austria, 85% of homes built through the €5 per m² model (the highest rent price for this type of social housing) are allocated through a municipal register, while the remaining 15% is based on a regional register. In Vienna, eligibility criteria related to income include 80% of the population to ensure a social mix. In addition to applicants on the project's own waiting list, there is another waiting list managed by the local government called *Wohnberatung Wien*. There are also special programmes aimed at urgent cases of over-occupancy and the emancipation of people with disabilities who currently live in unsuitable flats. One such programme is the 'smart' housing programme.

Regulations on the possibility of inheriting a unit in a housing cooperative are important to determine the extent to which family relationships limit access to the cooperative model. In Quebec, cooperative rental contracts cannot legally be transferred to or be inherited by a person who is not a member of the cooperative. Nevertheless, internal articles of the association may grant family members

who already reside in the cooperative the possibility of staying there once the member leaves. In Italy, the lease in shared ownership cooperatives may be inherited by close family members, such as the member's spouse and/or their children. It can also be transferred to other members of the family if they meet the conditions set forth in the cooperative's articles of association.

2.2. Subsidies to maintain affordability

In many cases, the long-term affordability of cooperative projects is guaranteed through public subsidies. More specifically, it is often ensured through *a*) subsidies for monthly expenses and *b*) subsidies for the rehabilitation of buildings.

a) Subsidies for monthly expenses

In all the cases studied, except for New York, Italy and the private housing cooperatives (*Andel*) of Denmark, there exists public aid for members to pay for their monthly expenses. Except for Switzerland, such aid is provided by regional and/or central governments. These subsidies allow low-income households to join cooperatives and help residents cope with the occasional financial difficulties they may experience. In the words of the Uruguayan Federation of Mutual-Aid Housing Cooperatives (FUCVAM), these subsidies are essential to ensure the 'right to remain' in housing cooperatives.

Residents of housing cooperatives and associations can usually access the general rental subsidies available in the country. In most cases, these subsidies are based on income;

in a few, they are based on the ratio between income and housing expenses. In Quebec, for example, between 20% and 50% of cooperative residents are eligible to receive a subsidy for the portion of their rent that exceeds 25% of household income (Société d'Habitation du Québec). In Uruguay, there exists a subsidy for the payment of monthly fees adapted to the cooperative housing sector. In this case, if monthly fees represent more than 25% of a household's income, members can request a subsidy to cover the difference. If the household's total income complies with the official definition of poverty or extreme poverty, this subsidy can be increased up to 14%, or 8% of household's income (FUCVAM 2018).

b) Subsidies for the rehabilitation of buildings

Building maintenance and renovation represent a significant expense for older cooperatives. More specifically, structural and comprehensive rehabilitation may put the economic sustainability of some projects at risk. Therefore, a long-term policy approach must consider this as an essential aspect to keep projects going.

In Denmark, a national fund for common housing (Almen) was created using the collective savings from a heavily subsidized sector.¹² Associations may draw from this fund to pay for renovation expenses. Until 2004, there were also municipal guarantees for loans aimed at rehabilitating property owned by private housing cooperatives (*Andel*).¹³ In New York, in turn, rehabilitation is promoted through the refinancing of cooperatives. In Quebec there are different subsidy programmes for the rehabilitation of buildings, some of which are general and cooperatives



can apply for, and others which are specifically tailored for the cooperative housing sector. At the municipal level, for example, the City Council of Montreal has a subsidy programme for occasional renovation and comprehensive rehabilitation aimed at any type of housing but with more favourable conditions for cooperative housing.

¹² Landsbyggefonden (s.d.) www.lbf.dk/.

¹³ Almenboligloven Act, Chapter 11a. Private housing cooperatives with support (removed in 2004): §160e.

3. Maintenance of the model over time

3.1. Regulations restricting housing equity and the commodification of dwellings

Just as important as allocating public resources to the development of cooperative housing is ensuring that this investment remains in the sector and preventing it from becoming privatized at a later date. The commodification of decommodified housing, whether it belongs to the state, a cooperative or third-sector entity, is an issue everywhere. The legal frameworks and public policy measures in all cases studied include – to a greater or lesser extent – mechanisms to hinder profit-making and/or individual capitalization of cooperative property. Specifically, these include *a)* regulations on the price of shares in the cooperative, *b)* regulations on monthly quotas or rents, *c)* restrictions on subleasing housing, *d)* restrictions on turning housing into individual property and *e)* regulations on the dissolution of cooperatives.

a) Regulations on the price of shares in the cooperative

Cooperative housing models in which members have a share in the cooperative's equity, the price thereof is very often regulated. These shares cannot be purchased or sold on the open market but, rather, are subjected to price restrictions and, in many cases, members' shares are only updated by the consumer price index. In the case of private housing cooperatives (*Andel*) in Denmark, the price of each share must reflect either the initial purchase or construction cost or the property's valuation as a rental building. In Uruguay, the share that gets exchanged is called the 'social share' and includes the member's initial down payment and the

sum of monthly fees they have paid for the principal of the cooperative's mortgage loan, that is, excluding interest. It does not include the portion of the monthly fee that covers the cooperative's administration, maintenance and other common expenses either. In the case of New York, resale prices are only limited during the term required in exchange for receiving different public subsidies, which has led to the subsequent deregulation thereof.

b) Regulations on monthly quotas or rents

In models that do not include equity contributions or include very small, symbolic ones, regulations are focused mainly on the cost of monthly fees and rent. In Denmark, in the case of common housing (*Almen*), and for housing cooperatives in Zurich, for example, rent prices are established in relation to the costs borne by the cooperative. That is, rent prices must cover debt, administrative expenses and generate the savings required to cover building maintenance, and may not fluctuate based on market price. Moreover, Zurich City Council has a representative on the governing board of each cooperative who supervises their annual accounts (Zurich City Council 2016).

In Quebec, rent prices for new cooperative developments must fall within 75% to 95% of the area mean price. Over time, this price is adjusted –while still staying within these limits– based only on the evolution of the cooperative's expenses.

In the Mitchell-Lama programme in New York, on the other hand, buildings erected before 1974 are legally subject



to rent stabilization, while those built later can opt out of the programme once their mortgage has been completely paid off.

c) Restrictions on subleasing housing

To ensure that cooperative housing is the primary residence of members and to hinder any intention to make a profit through subleasing, some countries also impose regulations in this area. In Uruguay, for example, subleasing housing to third parties is prohibited by law and is adequate cause for expulsion from the cooperative.¹⁴ In Denmark, on the other hand, it is possible to sublease up to half of the rooms in a common housing unit (*Almen*) through a contract approved by the association (BL 2015). These types of regulations reinforce the status of user –as opposed to owner– of members.

d) Restrictions on turning housing into individual property

Selling cooperative housing as individual property and the “horizontal division” (subdivision) of collective cooperative property is prohibited in many of the cases analyzed. In Quebec, cooperative members do not contribute equity to the cooperative, either initially or at any other moment, which makes it impossible to convert their right of use into ownership rights. The Quebec Cooperative Act protects the social and community purpose of property belonging to housing cooperatives that was built, purchased, rehabilitated or renovated using public aid, which includes practically all cooperatives. In Holland, cooperatives built on public land granted with an indefinite lease are obliged to maintain the same property use established in the leasehold.¹⁵

In other cases, the prohibitions are limited in time. In Germany, cooperatives are subject to regulations against commodification as long as they receive public subsidies or for a subsequent commitment period that usually runs from 30 to 40 years. In Austria, on the other hand, tenants gain the right to purchase their homes as individual property after 10 years of residence. Consequently, around one third of the housing stock in the sector is later privatized. Many housing cooperatives in favour of collective ownership are, thus, against this provision (Orner 2017).

Other regulations stipulate the decision-making process required to legalize the sale of cooperative property or to divide it into individual units. In Italy, sales require the approval of a simple majority of members, while in Switzerland a two-thirds majority is required. In Uruguay, legislation requires a special 75% majority of the cooperative assembly to be in favour of changing tenure regime.¹⁶ In Denmark, in the case of common housing (*Almen*) residents may only exercise their right to purchase individual property with the approval of different agents. Currently, a two-thirds majority is required from the local estate assembly, as well as approval from the “parent” housing association. If the latter does not grant its approval, the purchase may be authorized by municipal authorities, provided that the “parent” housing association cannot prove that the operation will be financially detrimental to

¹⁴ Law 13.728, Article 151, Uruguay.

¹⁵ *General Provisions for perpetual ground lease 2016*, Article 9, Amsterdam.

¹⁶ Law 19.181, Article 33, Uruguay.

it (Danish Ministry of Social Affairs 2011). The decision-making processes involving multiple agents and levels make it difficult for any party to unilaterally appropriate a common resource.

e) Regulations on the dissolution of cooperatives

The rules governing the dissolution process for cooperatives are also important in determining the future of the model. Regulations on the allocation of assets in the event of dissolution and subsequent changes to housing tenure may place obstacles to the potential commodification or privatization of housing. In Quebec, in the event of dissolution, the balance of assets must be transferred to another housing cooperative, a federation of housing cooperatives, or the Quebec Council of Cooperation and Mutuality (group of confederations of cooperative federations in Quebec).¹⁷ In Denmark, the property of a private housing cooperative (*Andel*) can only be transferred to another cooperative or changed to a rental housing tenure. In Switzerland, on the other hand, the City Council or Canton has pre-emption rights and rights of first refusal should a cooperative dissolve.

In cases such as Uruguay, for example, regulations define the allocation of assets once a cooperative has been dissolved. Once debts have been paid off and ‘social shares’ have been returned to members, any remaining amount is transferred to the National Institute for Cooperativism (INACOOP).¹⁸ In Italy, after dissolution, cooperative reserves must be transferred to the solidarity fund for promoting cooperatives (Coopfond) and cannot be distributed among individual members.¹⁹ Cooperatives

are considered to be based on the principles of collective ownership and indivisible reserves; demutualization is, therefore, prohibited.

¹⁷ Cooperatives Act, Article 221.2.10, Quebec.

¹⁸ Cooperative System Act, No. 18,407, Article 97, Uruguay.

¹⁹ Law 59 of 31 January 1992 regulates the tax-free national solidarity fund COOPFOND (Cooperative Promotion Fund), organized by LegaCoop, Italy.



Contributions of the study

There are two main contributions of this study. In the first place, it presents an overview of relevant legal mechanisms and public policies that might serve as a source of inspiration for different public administrations. In the second place, it offers a framework for analysing public policies aimed at promoting cooperativism as an affordable and accessible housing alternative.

As mentioned in the introduction, the analytical framework proposed here is characterized by a specific conceptual and temporal delimitation of the object of study. Conceptually, it is based on a definition of housing cooperativism as collective and (to varying degrees) decommodified housing. The project has focused on cooperatives that meet two conditions: 1) residents are, at least nominally, collective owners of their homes and, 2) homes cannot be purchased or sold on the free market. This definition includes a wide array of cooperative housing models while excluding those that, in essence, reproduce housing models based on individual or public ownership. The study focused on the legal frameworks and public policies supporting cooperative housing's affordability and decommodification, often through forms of public-cooperative mechanisms.

As for the temporal delimitation, the study adopts a long-term approach that considers all phases of the housing life cycle. The affordability, accessibility and decommodified nature of cooperatives do not depend exclusively on the production (construction) of the cooperative housing stock, but also on the regulations that govern access and

use. Moreover, the pressures to privatize and commodify are a recurrent threat to the continuity of decommodified forms of housing and, therefore, require special attention. In this regard, the study has categorized policies based on the moment in which they intervene: production, access and management, and maintenance of the model over time. This categorization is not strictly chronological but rather substantive, and meant to aid the interpretation of the wide array and diversity of legal mechanisms and policies that local, regional and central administrations can employ to support housing cooperativism throughout its life cycle.

Six concluding lessons

As we have outlined above, the relationship between cooperative housing and public administration has a long trajectory. Based on the issues reviewed, we believe there are six elements present in the case studies analysed that are worth highlighting, as they are fundamental to the promotion of cooperative housing.

Participation at all levels of the administration to promote housing cooperativism. All levels of public administration can participate in promoting the affordability and decommodified nature of housing cooperatives in different ways. National, regional and municipal administrations can implement public policies and specific programmes based on their remits, often complementing one another.

Comprehensive policies to expand the sector. Housing cooperatives benefit from public policies and legal frameworks that respond to their needs in a comprehensive and coherent fashion. Cooperatives need land, financing and legal recognition in order to develop. Without public support in these key areas, the model is unlikely to advance.

Support during different phases. Public bodies may be involved in different phases of housing cooperativism: production, management and access, and maintenance over time. In addition to providing support during the initial development, it is important to highlight the key role of policies that regulate or support the long-term affordability and financial viability of housing cooperatives.

Promotion of new developments and rehabilitation of existing buildings. Housing cooperativism can include new housing development and the rehabilitation of existing buildings – whether inhabited or vacant. In many contexts, housing cooperatives are promoted to regenerate urban areas, counter deterioration and abandonment, and generate participation, inclusion and resident empowerment processes.

Promotion of social cohesion and inclusion of vulnerable groups. Cooperatives can host different demographic profiles, including people with low incomes or specific housing needs due to their origin, gender or age. Administrations can support or further inclusivity by establishing conditions for receiving public aid or through specific direct and indirect subsidies.

Promotion of cooperatives' autonomy and public benefit. The autonomy of cooperatives is an added value of the model, except in relation to the potential appropriation of the housing's equity. The right of members to make collective decisions about their housing is fundamental; however, governance mechanisms and legal frameworks are also needed to ensure the continuity of the model over time and prevent commodification and/or privatization.



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Relationship between the types of actions identified and the different places of study

Legend: M (municipal scope) SM (supra-municipal scope)

Policies		
Cooperative housing production	Access to land and buildings	Sale of public land
		Lease of public land and property
		Activation of new cooperative projects through the rehabilitation of existing housing stock
		Transfer of existing public or social housing to the cooperative sector
		Reserving land or housing in new urban developments
		Pre-emption rights and rights of first refusal
	Access to financing	Public lines of credit
		Public guarantees
	Direct subsidies	Direct subsidies (subsidies for construction/rehabilitation)
	Indirect subsidies	Indirect subsidies (tax exemptions)
Technical support	Technical support (municipal technical teams, advisory offices, support to technical non-profit teams)	
Access and management	Regulation on access to the cooperative housing stock	Reserve of housing units for social renting
		Norms over the functioning of waiting lists and the transfer of leases
	Subsidies to maintain affordability	Subsidies for monthly expenses
		Subsidies for the rehabilitation of buildings
Maintenance of the model over time	Regulations restricting housing equity and the commodification of dwellings	Regulations on the price of shares in the cooperative
		Regulations on monthly quotas or rents
		Restrictions on subleasing housing
		Restrictions on turning housing into individual property
		Regulations on the dissolution of cooperatives





case studies

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A project of the Miethäuser Syndikat
Source: Sandra Wildemann

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Introduction and context

Cooperative housing has a comparatively long history in Germany. The first cooperatives were founded in the late 19th century, largely as philanthropic initiatives by upper-class social reformers. It was only after World War I that many of them were turned into true selfhelp organizations, with working-class members taking over board positions. The Weimar era also saw the founding of many new cooperatives. During the Nazi regime, there was forced centralization of the cooperative sector that wasn't reversed in either the GDR, where housing cooperatives became part of the state-controlled command economy, or the FRG, where they were integrated into a non-profit housing sector dominated by large noncooperative corporations. The bankruptcy in the 1980s of the most prominent of these, the union-controlled Neue Heimat group, was used as a major argument for abolishing the special non-profit housing provider status (*Wohnungsgemeinnützigkeit*) altogether as of 1990.

Unlike other enterprises formerly governed by this instrument, housing cooperatives have maintained a mostly non-profit approach, offering rents/fees well below average, especially in major cities.

There are around 2,000 housing cooperatives in Germany today, which own a total of 2.2 million homes. This amounts to approximately 10% of all rental units (Crome 2007). Their share of the housing stock tends to be higher in eastern German cities, with 27% in Rostock and 17% in Leipzig, for example. Hamburg has the most cooperative housing among major western German cities, at 14%; in (reunified) Berlin, it makes up 10% (Montanari et al. 2014).

While the legal form of the cooperative remains regulated by a federal law (*Genossenschaftsgesetz*) that provides for a basic democratic structure – one vote per member, regardless of the number of shares held –, increasingly bureaucratic and hierarchical structures within large housing cooperatives have often been criticized. Since around 1980, a new generation of cooperatives – emerging from the legalization of squats and other social movements – has attempted to implement more participatory models. This cooperative renaissance encompasses organizations that are, for various reasons, based on legal forms other than the registered cooperative. The most significant case is the *Mietshäuser Syndikat*, an apartment-house syndicate with a network of more than 140 self-managed housing

projects from all over Germany. Its specific structure prevents the recommodification of real estate. The property of each project is owned by a limited liability company with two shareholders: a resident association and the Syndikat as a whole, giving the network veto power against attempts made by any project to resell a house (Rost 2014, Balmer et al. 2015).¹

The contemporary landscape of cooperative housing in Germany is thus characterized by a wide variety of organizational principles, accessibility (depending on economic and or sociocultural capital), motivation of dwellers (secure tenure, low rents, and/or a communal lifestyle) etc., with general tension between larger, ‘traditional’ and small to mid-size ‘young’ cooperatives. While the latter are still a rather marginal phenomenon regarding their share of the total housing stock, they are ascribed a high degree of societal relevance because of their focus on co-housing models and self-organization (Ache et al. 2012, Kegel 2015).

There is a limited tax exemption for some housing cooperatives on the federal level, yet no construction subsidy that favours specific legal forms at the moment. (Yet both the Left [Die Linke] and the Green [Die Grünen] parties are in favour of reintroducing a specific non-profit housing provider status (Holm et al. 2017, Kuhnert et al. 2017). There is a variety of policies on the local and regional (*Länder*) level that promote cooperative housing, often in the form of access to both municipally and privately owned land via leasehold contracts and quotas in newly developed and rezoned areas, respectively (see table for more policy details).

Cooperative housing production

Access to land and buildings

Many municipalities sell and/or lease public land to cooperatives. The degree to which they get preferential access varies. One important instrument to legitimize favouring cooperatives (and co-housing initiatives in other legal forms) are *Konzeptverfahren* (also *Konzeptvergaben*), that is, tender procedures which take social, ecological and intergenerational criteria into account instead of allotting land to the highest bidders. Both Tübingen and Hamburg, for example, divide up public land into small lots in some areas to enable small-scale co-housing projects. Hamburg also has a fixed quota of 20% of land reserved for co-housing projects in new developments on public land (Ache et al. 2012: 407).²

Giving cooperatives access to land via leasehold (*Erbbaurecht*) instead of sale would be more in line with a long-term sustainable municipal land policy, but it is not very common as of yet (and is often met with disapproval by cooperatives). Leipzig has recently combined allocation via a *Konzeptvergabe* procedure with leasehold contracts. Periods of leasehold contracts vary between 30 and 99 years.

To regulate the use of land in private ownership – including housing construction –, municipalities can tie the

¹ There are attempts at creating spin-offs of the Syndikat in other European countries; see www.syndikat.org/en/international-projects/.

² See verein.fgw-ev.de/files/forum_konzeptverfahren.pdf [in German] for an evaluation of procedures in Tübingen, Hamburg, Munich, and Berlin.



decision to rezone land to landowners' willingness to both contribute to infrastructure cost and relinquish a certain share of the housing built (usually 30%) to subsidized and/or non-profit providers, of which cooperatives often form part. This instrument is called *Soziale Bodenordnung in Munich* and *Kooperative Baulandentwicklung in Berlin*.

Under certain circumstances – specifically in areas designated for the protection of the composition of the population (*Soziale Erhaltungssatzung*, also *Milieuschutz*) – municipalities have a right of first refusal, which they usually exercise in favour of municipal housing associations. This could be expanded to cooperatives and co-housing projects; in Berlin, one Mietshäuser Syndikat project was founded by the tenants of a house that was acquired via the municipality's right of first refusal.³ As the beneficiary usually has to pay the price offered by the original buyer, it is difficult to keep rents at a reasonable level in many potential cases of purchase via right of first refusal. The city of Berlin has therefore begun to directly subsidize these purchases.

Access to financing

Loans at low interest rates (0.75%) for the acquisition of cooperative shares for individuals/households are available through the federal development bank (KfW) (up to €50.000 per project).

The German system of supply-side housing promotion generally does not distinguish between providers of different legal forms. In other words, most guarantees and subsidies are available to cooperatives and co-housing

projects as well as to other corporations willing to submit to the respective regulations.

Specific financial support for cooperatives is available, for example in Berlin and Hamburg via interest-free or low-interest loans for construction, as well as the purchase of existing buildings.⁴ Access to financing is particularly relevant for younger cooperatives with no or low equity.

Besides public credit lines and allocation of public land through hereditary leaseholds, tenant initiatives can also draw on the support of land foundations, which, for instance, purchase the land and provide it to tenant communities in the form of leaseholds. Examples include the Edith Maryon Foundation or Trias Foundation.⁵

Direct subsidies

Most direct construction subsidies (including subsidized loans) are available to all housing providers willing to submit to the programmes' regulations (see above). They are mostly implemented at the state (*Land*) level, with the federal government paying for part of them. The aforementioned programs in Berlin and Hamburg have constructions subsidies. Note that many of the instruments mentioned here that are used by these two cities are at least partly due to the fact that they are two of only three

³ See www.syndikat.org/de/projekte/z48-kreuzberg-e-v/.

⁴ See www.stadtentwicklung.berlin.de/wohnen/wohnungsbau/de/genossenschaftsfoerderung/index.shtml and www.ifbhh.de/fileadmin/pdf/IFB_Download/IFB_Foerderrichtlinien/FoeRi_Baugemeinschaften.pdf.

German city-states, or rather, municipalities who also hold the powers of a *Land*.

Indirect subsidies

Housing cooperatives that generate at least 90% of their revenue through rents paid by members are exempt from the federal corporate tax (*Körperschaftsteuer*).

Technical support

Technical support for communal and especially intergenerational housing projects is available in many municipalities; indeed, ‘most of the activities carried out by municipalities fall under the broad term of communication and information’ (Ache/Fedrowitz 2012: 408). The extent of this kind of support varies according to the importance placed on the topic by the municipality and its financial means. Well-established examples include Hamburg’s Agentur für Baugemeinschaften and Munich’s Mitbauzentrale⁶. In Berlin, there is the Netzwerkagentur GenerationenWohnen and in Leipzig, the recently established agency Netzwerk Leipziger Freiheit,⁷ which, like support teams in other cities, has grown out of the co-housing scene’s own efforts to institutionalize knowledge transfer.⁸ This is also true for the establishment of cohousing project days (*Wohnprojekttage*) in various cities, where initiatives can network to find members, get in touch with financing and construction experts, etc.

Access and management

Regulations on access to the cooperative housing stock

Supply-side subsidies for housing construction

(which are, as mentioned, usually disbursed by state governments) are conditional on municipalities’ right to allocate the subsidized housing to low-income tenants, as defined by the federal Housing Promotion Law (*Wohnraumförderungsgesetz*). This applies regardless of whether the owner of the subsidized homes in question is a cooperative or another type of provider.

With regard to their non-subsidized units, cooperatives are free to set their own rules of access. Long-standing members often get preference, yet in high-demand areas, some cooperatives have stopped using conventional waiting lists and incorporate criteria to take into account the needs of groups that experience discrimination in the housing market etc.

Subsidies to maintain affordability

There are two major demand-side subsidies regulated at the federal level (but, in effect, largely paid out of municipal budgets), that is, direct payments towards the housing cost of low-income households: the housing allowance (*Wohngeld*) and cost of lodging (*Kosten der Unterkunft*), the latter of which is tied to general welfare/unemployment support. Tenants are eligible for

⁵ See maryon.ch/en/ and www.stiftung-trias.de/english/.

⁶ See www.hamburg.de/baugemeinschaften/ and www.mitbauzentrale-muenchen.de/home.html.

⁷ See www.stadtentwicklung.berlin.de/wohnen/wohnungsbau/de/strategie/baugemeinschaften.shtml and www.netzwerk-leipziger-freiheit.de.

⁸ In this regard, the Wohnbund network has been an important facilitator on the federal level since the 1980s. See www.wohnbund.de.



this regardless of the type of provider (cooperative or otherwise) they pay rent to.

Most of the demand-side/construction subsidy programs mentioned above can be accessed not only for new construction but also for renovations and refurbishment.

Maintenance of the model over time

Regulations on housing equity and the commodification of dwellings

The federal Cooperative Law (Genossenschaftsgesetz) defines cooperatives in all sectors of the economy as enterprises with the purpose of benefitting their members, which prescribes a general collective self-help approach. It, thus, places rather strong barriers against dissolving cooperative property and the commodification/privatization of cooperative housing yet does not wholly prevent it.

When construction by cooperatives is subsidized, the provision of cooperative housing may be tied to specific conditions, such as income limits of tenants and rent control for a defined period of time.⁹

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⁹ For Munich, see BayWoFG Chap. 14; www.muenchen.de/rathaus/dam/jcr:78af6e32-f8ab-41a0-9827-8baa0e5bb48e/2019%20MM-Genossenschaften_Infoblatt.pdf.



Miss Sargfabrik (Vienna, Austria).
Source: Haefel (Wikimedia Commons)

Introduction and context

The Austrian housing market is based heavily on rentals, with an exceptionally low rate of just 55% owner-occupied households. Spain, in comparison, has a rate of 78%. The key actor in the production of affordable, rent-based housing in Austria since the post-war area is the limited-profit housing sector, with its housing companies and associations. The term ‘limited-profit’ covers different meanings: the German term *gemeinnützig* can be translated directly as ‘serving the public good’ and, thus, emphasises its role for the tenants and society in this regard. In the relevant literature, the widely used English phrase ‘limited-profit’ refers to the legally limited returns (of about 2%) of such associations (GBV 2019c).

The whole limited-profit Austrian housing sector comprises 90 capital societies and about 100 housing cooperatives (GBV 2019a), which have completed between 15,000 and 18,000 flats every year over the last decade and continues at a similar level (GBV 2019d).

Although still often nominally owned by their members collectively (Gruber et al. 2018), who pay user fees (as opposed to rents), and colloquially referred to as

cooperatives, these associations lost touch with their members in the ‘cooperative sense’ long ago. Yet even when managed like ordinary housing companies, under the framework of the limited-profit housing sector they are a pillar of affordable Austrian housing production. This is largely due to rent caps, which result in an average rent of about €7.70 per m² for tenants in flats constructed since 2011 – about €4 per m² less than the rent demanded by for-profit developers (GBV 2019e). Additionally, tenancy agreements in flats by limited-profit housing associations are unlimited and can even be passed on within families. Limited-profit housing associations benefit from lower turnover taxes (10% instead of 20%) and are exempt from the unlimited corporate tax (25%).

The majority of flats constructed this way have been financed with the support of public funds, hence the term *gemeinnützig*. In total, the associations in this sector manage or own about 40% of all rented flats in Austria, which makes up 20% of the total Austrian housing stock. The sheer quantity, together with the high pressure of private capital currently flowing into the housing market for investment opportunities, makes limited-profit housing associations a target for speculation. Recent examples have

shown that even under the strict framework of the limited-profit housing sector, there is a potential threat against its most important benefit to society: securing the longterm affordability of flats.

Cooperative housing production

Access to land and buildings

Access to land is regulated by the Austrian provinces on an individual basis. Of the nine Austrian provinces, four have set up funds for access to and distribution of land for building affordable housing: Carinthia, Tyrol, Salzburg and Vienna. These funds are not only responsible for assigning plots for social and affordable housing in general but also serve a strategic purpose in the densification of town centres (Zeinler 2012). The funds are able to finance themselves autonomously by acquiring, upzoning and subsequently selling building land at a higher price (Amann 2011). In some provinces, such as Carinthia and Tyrol, these funds also allocate loans to local authorities to set infrastructural measurements or buy land.

In most Austrian provinces, there are maximum building budgets which non-equity housing cooperatives and developers must stay within to be eligible for subsidies. This used to be the case in Vienna, too. However, this was recently abandoned in favour of maximum rent caps.

In Vienna, the fund for housing construction and urban renewal (wohnfonds_Wien) acts as a limitedprofit organization owned by the municipality. It ‘coordinates property developers, house owners, municipal departments

and service centres of the municipality of Vienna’. The wohnfonds_Wien is responsible for buying public and private land. It negotiates with land-owners to secure adjacent plots of land in strategic areas (Wohnfonds Wien 2019). It is responsible for conceptual competitions for the construction of new social housing stock, thus selling plots at fixed land-prices of about €230 per gross buildable square metre, which is generally far below market price. The wohnfonds_Wien still has considerable reserves, but only releases them to the competition bit by bit (Förster et al. 2016). Although a minority, some of these plots are distributed as building leases rather than being sold.

In Tyrol, a new law was passed allowing for zoning to designate areas as building land reserved for subsidised housing. In the near future, Tyrolean communes will be obliged to act similarly (TIROL 2019a).

In Lower Austria, affordable housing can be supported by leasing plots in favour of selling land or through pre-emption of land by municipalities, which then pass it on to limited-profit housing developers at a lower rate.

Access to financing

Following the Austrian federal approach, public funding is the responsibility of the nine Austrian federal provinces. Annually, there are approximately €3 billion available for all Austrian provinces. The majority of these funds come from the federal budget, distributed through financial equalization. As of 2008, there has been no ‘appropriation’ of these funds (Zweckbindung), meaning that the provinces do not have to allocate them all to housing (Zoidl 2015).



Besides subsidies for new construction and refurbishments (see Direct subsidies), loans from so-called housing banks play an important role in the funding of limited-profit housing. The banks involved can be both private and cooperative banks. Such loans co-finance about 70% of large-volume housing stocks, of which over 66% are limited-profit housing projects. The housing bank system is rooted in a national law passed in 1993 to encourage housing in general. The banks involved issue tax-privileged housing bonds for refinancing. In accordance with the appropriation of these funds, they are related directly to subsidized rental housing. However, bonds by housing banks are recurrent, with just four banks involved in 2018 issuing bonds of approximately €285 million (GBV 2019b).

The housing bank that administers the loans for Lower Austria takes out loans from the European Investment Bank to gain very low interest rates, which contribute to financing the housing activities of limited-profit housing associations (ORF 2019).

Direct subsidies

Due to Austria's federal approach, the responsibility for public subsidies and funding falls within the competence of the nine Austrian federal provinces. Some of them tie the allocation of public funding for rented housing blocks to limited-profit housing associations; others, most prominently Vienna, do not. Compared to other countries, public funding for housing in Austria is relatively low, amounting to less than 1% of the GDP (comparable to Spain) or about €2.5 billion per year. Even US spending on housing is greater. The reason why Austria is still

considered to be far more effective in this regard is due to its large number of subsidies for new construction (62%) and refurbishments (24%) rather than subsidies to individuals (14%). This also gives the provinces leverage through regulations (OeNB 2019).

As in most Austrian provinces, the construction of flats in multi-storey houses in Lower Austria is promoted through subsidised loans to fund construction (direct subsidies or loans). Such loans must be repaid within 31 years by the housing associations (BF 2019).

The province of Tyrol is promoting the '5-Euro-Housing' model. The term '5 Euros' refers to the rent per square metre and includes operating and heating costs, and taxes. The model is aimed at apartment buildings with 15 to 25 rental flats and has been implemented in six regions so far, with three more planned to follow. It is financed through a mix of a high percentage of own capital from the limited-profit housing developers, bank loans and a contribution through housing loans. Additionally, the commune contributes by making cheap land available. A total of 85% of the flats built under this model are allocated through the local commune, while the remaining 15% go through the province of Tyrol. Individual income limits are 33% lower than for ordinary subsidised flats (TIROL 2019b).

In Vienna, subsidies are generally allocated in the form of municipal loans between €510 and €700 per m² of floor space. With a yearly interest rate of 1%, this loan contributes to lower financing expenses. The allocation is open to all developers, not just limited-profit housing developers.

However, the majority of developers taking part in calls for tenders for subsidised housing are indeed limited-profit housing developers, perhaps in part due to the complexity of such calls.

Since its 2011 call for tenders, the City of Vienna sells some municipal building plots under a specific scheme called Wohnbauinitiative (Municipality of Vienna 2019a). The municipality provides bullet loans of €800 per m² of usable floor space with an interest of 3.9% for 10 years on a fixed-term basis. These loans would be second rank in bank collateralization, making additional commercial loans cheaper (Mundt et al. 2018).

Indirect subsidies

The Austrian limited-profit housing sector must comply with the Austrian Limited-Profit Housing Law (Wohnungsgemeinnützigkeitgesetz). This stipulates that rents must be ‘appropriate’, meaning they must not be lower or higher than necessary in order to cover all expenses including (legally limited) returns (about 2%) (GBV 2019c). After all loans for a house have been repaid, rents usually drop to the rental price of €3/m², including maintenance payments. By law, returns must be re-invested in the acquisition of new land, as well as in refurbishment and new developments. This contributes to a higher amount of equity capital, thus lowering financing expenses. Tenancy agreements in flats by limited-profit housing associations must be unlimited (WGG 2019). In return, limited-profit housing associations have a lower turnover tax (10% instead of 20%) and are exempt from the unlimited corporate tax (25%) (Rechnungshof 2015).

Technical support

Support from the authorities for those receiving loans focuses on the administration of loans, such as assistance during the application process. For larger developing areas, there is support for aspects of mobility or the design of open spaces. In Vienna, interdisciplinary teams funded and appointed by the municipality Gebietsbetreuungen sometimes act as local coordinators, taking care of tenants’ and future tenants’ needs. They sometimes assist in cross-linking participating design teams in the process, as well.

Access and management

Regulations on access to the cooperative housing stock

In order to be eligible for subsidised housing, maximum income levels must not be exceeded. These income levels are set independently by the provinces. In Vienna, for example, they are relatively high, so that about 80% of the population meets them. In combination with high quality standards, this ensures the social mix desired by the municipality. In order to place a greater focus on underprivileged groups, the so-called Smart housing program has been initiated and is aimed at lower incomes. The waiting lists are structured in order of arrival. In urgent cases or situations of ‘justified housing requirements’, people may be eligible for flats with less demand for own capital, such as Smart-flats of municipal flats that require no own capital at all. In Vienna there are three justified requirements: overcrowding (for example, a flat with one bedroom would be regarded as overcrowded when inhabited by two or more people), first-time establishment of a household (for people under 30) and people with



special needs (for disabled people currently living in a flat which is not obstacle-free) (WSW 2019). However, these lists are administered individually and not transparently by each cooperative or housing association. This also means people interested in subsidised flats have to register for each cooperative separately. Additionally, there are municipal waiting lists, for example, in Vienna through the Wohnberatung Wien. One-third of all flats constructed with housing subsidies are allocated by the municipality in return for housing subsidies.

Maintenance of the model over time

Subsidies to maintain affordability

There is also the possibility of obtaining individual subsidies for rented flats through a housing benefit as a monthly, non-refundable loan that does not have to be repaid (AGA 2019). Tenants of subsidized and free-market flats are eligible.

In Vienna, there are replacement loans for the capital resources needed to enter a subsidized rental flat, depending on household income and family situation. Capital resources between €60 to €500 per square meter must be paid to the cooperative or housing association when entering the contract (Municipality of Vienna 2019b).

Regulations on housing equity and the commodification of dwellings

Tenants of subsidised flats exceeding a certain amount of individual capital resources have the right to buy after 10 years. This means that flats must be offered to the residents

to buy as individual property. Rent paid up to that point is not taken into consideration for the buying price. Although there are no official numbers, it can be estimated that 33% of subsidised rented flats are currently transferred to individual property from flats in housing cooperatives due to relatively low interest rates. Flats built by non-profit organizations fall under non-profit law (RIS 2019a), unless they are bought by their own tenants (Orner 2019).

Since non-profit housing associations and cooperatives must meet strict economic criteria regarding their rents and capital, the intention is to keep flats built through subsidies non-profit for as long as possible (RIS 2019b). This is one of the reasons why housing associations or cooperatives legally cannot take back the title 'limited-profit' freely or dissolve themselves at their wish. This should prevent speculation with this housing stock. However, there are certain circumstances that can lead to removal of the title 'limited-profit'. As it has been proven possible to provoke the dissolution of a limited-profit housing association, it has become evident that there are loopholes in this structure, i.e. when the statute of the association or cooperative fails to meet certain legal requirements (WGG 2019). Failure of this kind may be enforced, which has been the case at least twice in recent years.

One prominent example showed how the privatization of the federal tobacco company consequently led to its housing cooperatives, – intended to cover its employees' housing needs – being transferred into private ownership and sold several times for multiple profits (Anzenberger 2018, Ellensohn 2019). Flats sold in such a manner remain

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affordable, but the new owner can make a profit by selling empty flats. Another weakness of the system intended to prevent the loss of public money spent on housing subsidies when a limited-profit association loses its title is the evaluation of the association's housing stock value, which is to be repaid when the 'limited-profit' title is lost. It has been seen that the association's balance sheets, which form the basis for this evaluation, can be creatively designed to reduce the value to a minimum. One example resulted in 1,000 flats being 'sold' this way for €17 million – slightly less than 10% of their real market value (Matzinger 2019).



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Bakkegaarden (Aarhus, Denmark).
Source: RhinoMind (Wikimedia Commons)

Denmark

Lorenzo Vidal

Introduction and context

In Denmark, housing cooperativism has given rise to two different housing sectors. On the one hand, there are some 10,000 private housing cooperatives (*Andel*), which represent 8% of the country's housing stock. In this sector, members own a share in the cooperative's collective property, the value of which is regulated by law. On the other hand, there is the common housing sector (*Almen*), which is formed by a federation of 550 housing associations, representing 20% of the national housing stock. In this model, residents have an open-ended lease agreement and participate in their association's management through a system of "tenant democracy". While the common housing sector has very close ties with public administrations, private housing cooperatives operate with a high degree of autonomy.

Housing cooperativism first arrived in Denmark in the late 19th century in the form of working class self-help initiatives, generating a specific institutional framework over time. The basic characteristics of the common housing sector were defined in the 1930s based on national and local regulations and financing. Private housing cooperatives, on

the other hand, did not take off until the late 1970s, following a legislative change that granted tenants pre-emption rights for their homes if they formed a cooperative. Both sectors are governed in accordance with their respective legislation: *Almenboligloven* and *Andelsboligloven*. Over the course of history, the common housing sector has received direct subsidies for different amounts to purchase land and build, as well as individual subsidies to pay rent. In return, access to the sector is organized through waiting lists open to all citizens, and 25% of the homes built are reserved for social housing applicants. Private housing cooperatives, in comparison, have mainly received public grants of a less direct nature, such as tax exemptions and local guarantees for access to financing. At the same time, each cooperative decides on the mechanism for transferring shares in its collective property autonomously.

Over time, these sectors have taken on increasingly different roles in Denmark's housing system. Following the privatization processes that undermined state-owned housing during the 1990s, common housing is now the central pillar of public housing in the country. Both the relative autonomy of this sector from the State, as well as its

federated institutional form with multiple scales and actors have been essential in enduring the central government's attempts at privatization during the 2000s. Common housing continues to be a non-commercial sector, while also serving the function of social housing and providing shelter for low-income citizens. The decentralized and fragmented self-government structures of private housing cooperatives, however, did fall prey to the liberalization reforms. This has led to significant increases in its housing prices and the sector is, thus, an option only for the middle class. Even so, these cooperatives maintain collective ownership of their property and still represent a more affordable option than purchasing individual property.

Cooperative housing production

Access to land and buildings

In addition to selling public land to common housing associations (*Almen*), municipalities may require that new, private housing developments reserve 25% of the land for common housing.¹

As previously mentioned, tenants in vertical property buildings have pre-emption rights for their homes if they set up a private cooperative (*Andel*). To make purchases on this basis, at least 60% of tenants in the building must join the cooperative.²

Access to financing

As regards financing for new common housing (*Almen*) developments, 14% of the initial capital is provided by the municipality from its annual budget, 2% by the initial deposits from tenants, and 84% by mortgages contracted

with financing entities (with a municipal guarantee).

Municipalities may provide guarantees for mortgage loans for private housing cooperatives (*Andel*), both for existing buildings and new developments.³

Direct subsidies

In addition to the 14% of initial capital, common housing (*Almen*) also receives public assistance in covering part of the loan amortization payment. The amount tenants pay in rent is calculated on a yearly basis to represent 3.4% of the initial cost and is adjusted for up to 75% of the inflation rate (or the salary inflation rate, whichever is lower). Rent is used to pay off the property mortgage. The difference between the loan amortization payments and the total amount received from rent is covered by transfers from the central government (Gibb 2013).

Until 2004, private housing cooperatives (*Andel*) could also receive public subsidies for up to 10% of the initial cost of the project, without exceeding 600 Danish kroner per square metre.⁴

¹ Notice on plan implementation (Bekendtgørelse af lov om planlægning), §15, Stk. 2. www.retsinformation.dk/Forms/R0710.aspx?id=200614#idd991105b-a3f6-49ec-9e62-345bca32f2e0

² Cooperatives Act (Andelsboligloven). Chapter 2. Housing cooperative associations. www.retsinformation.dk/Forms/R0710.aspx?id=203465

³ Cooperatives Act (Andelsboligloven). Chapter 11b. Private housing cooperative without support. www.retsinformation.dk/Forms/R0710.aspx?id=206725#idea75171f-da74-4624-9751-0aa3e236a891

⁴ Cooperatives Act (Andelsboligloven). Chapter 11a. Private housing cooperatives with support. (www.retsinformation.dk/Forms/R0710.aspx?id=26144, removed in 2004)



Indirect subsidies

Common housing (*Almen*) and cooperative housing (*Andel*) are exempt from real estate tax.

Access and management

Regulations on access to the cooperative housing stock

A full 75% of common housing (*Almen*) is accessed through open and transparent waiting lists managed by the housing associations themselves and which any citizen can sign up for. The remaining 25%, however, are reserved for the city council's social housing waiting list.

Until 2004, city councils could also intervene in the use of cooperative housing (*Andel*) that had received public support. If a house in one of these cooperatives was left vacant, the city council could buy the right-to-use or rent it out on a preferential basis. However, the city council could not control more than 10% of the cooperative's housing at any given moment.⁵

Subsidies to maintain affordability

Common housing (*Almen*) tenants may access general subsidies for rent and close to half of them do benefit from such assistance. According to data provided by the Ministry of Housing in 2014, direct subsidies granted to tenants in this sector represented 0.5% of the GDP.

Moreover, the collective savings of the common housing sector are mutualized by the National Building Fund (Landsbyggefonden, LBF). This mutual fund is sustained through mandatory fees paid by all the associations and,

especially, through the rent of residential complexes that have already paid off their mortgages. The fund is designed to finance the maintenance and improvement of existing residential complexes.

Until 2004, housing cooperatives (*Andel*) could also receive municipal guarantees for the financing of refurbishment work on their property.⁶

Maintenance of the model over time

Regulations on housing equity and the commodification of dwellings

As mentioned, rent paid by common housing (*Almen*) tenants is calculated on a yearly basis to represent 3.4% of the initial development costs and is adjusted each year for up to 75% of the inflation rate (or salary inflation rate, whichever is lower). Consequently, rent prices are both stable over time and decoupled from market prices.

As of today, tenants can buy their homes as individual property if 2/3 of the residential complex assembly agrees, the city council grants approval and the parent housing association cannot prove that doing so would be financially detrimental to it.⁷ This possibility has only existed

⁵ Cooperatives Act (Andelsboligloven). Chapter 11a, 160b, PCS 4. Private housing cooperatives with support. (www.retsinformation.dk/Forms/R0710.aspx?id=26144, removed in 2004)

⁶ Cooperatives Act (Andelsboligloven). Chapter 11a, 160e. Private housing cooperatives with support. (www.retsinformation.dk/Forms/R0710.aspx?id=26144, removed in 2004)

⁷ Ministry of Social Affairs (Socialministeriet), 2011. Lov om ændring af lov om almene boliger m.v. (www.retsinformation.dk/Forms/R0710.aspx?id=136592)

since changes were made by the conservative-liberal administration in power from 2001 to 2011.

The property of private housing cooperatives (*Andel*), however, can only be transferred to another cooperative. Alternatively, tenure may be changed only to rental housing. A key element in this model is the regulation of the price of member shares in the cooperative's collective property. These cooperatives may choose between three methods to set the value of their property and determine the price of each share: (1) the initial purchase or development costs of the property, (2) an appraisal of the property as a rental building conducted by the tax authorities or (3) an appraisal based on the same criteria but conducted by a private appraiser. The value of the building as a rental tenure is established as a point of reference for these cooperatives, given that the rental market is regulated. In light of all this, however, the liberalization processes in the rental market and changes made to regulations of the cooperative sector since 2004 have led to a significant increase in price ceilings have made the purchase price of shares and, thus, access to cooperative housing, considerably more expensive.

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Porto 15 (Bologna, Italy).
Source: La Dinamo

Lazio (Italy)

Luisa Rossini

The research of the Lazio case study has been done in collaboration with

Introduction and context

Italy has a remarkably long tradition of cooperative housing. One of the first housing cooperatives was founded in 1884 by the workers of a tobacco factory in Bologna, Emilia Romagna, a region well known for its particularly successful cooperative movement. From the late 1800s to the 1920s, thousands of cooperative housing units were built. Following World War II, the cooperative movement played a major role in post-war reconstruction. The political culture of anti-fascist liberation supported cooperativism, regarding it as a nonspeculative form of production and social gathering. Thus, legislative changes were made to facilitate the development of cooperatives. For example, Article 45 of the Italian Constitution enacted in 1947 explicitly recognizes cooperatives. A general law on cooperatives, known as the Basevi Law, was also adopted in 1947 to regulate the affairs of cooperatives and implement a model of indivisible reserves completely exempt from corporate tax. Law no. 59/1992 was adopted to provide the cooperative movement with another major financial development mechanism: a national solidarity fund¹ known as Coopfond (Fondo Promozione Cooperative) was established. The cooperative housing sector experienced

growth between the 1970s and early 1980s, then again in the 1990s, with a real housing development boom lasting until mid2007. Since then, cooperative housing construction has decreased substantially.

According to the Italian National Institute of Statistics (ISTAT),² in 2015 there were 8,794 cooperatives active in the housing sector, representing 14.9% of all cooperatives active in Italy. There are two main types of housing cooperatives: “conventional housing cooperatives and social housing cooperatives (*cooperative convenzionali* and *cooperative sociali*, respectively).³ In the first – and most common – type, co-op members become owners of the dwelling they are allocated. In the second type, the cooperative builds dwellings that become part of its assets and are leased to members indefinitely, while still belonging to the cooperative. Common-ownership cooperatives

¹ All cooperatives, including housing, are required to invest 3% of their annual profits in the fund. After 12 years, the COOPFOND has accumulated over 1240 million, which is available to Italian cooperatives.

² ISTAT (2019) “Struttura e performance delle cooperative italiane” report.

³ As recognized by Royal Decree no. 1165/1938. A new type of short-term or open-ended cooperative for rentals has been added to these two models.

(*cooperative a proprietà indivisa*) are zero-equity cooperatives and are considered a subset of social housing cooperatives.⁴

Italy has three main housing cooperative federations, established between the 1950s and early 1960s: AGCI, Federabitazione-Confcooperative Habitat and Legacoop Abitanti. These three federations have established an alliance called Alleanza delle Cooperative Italiane (ACI) and aimed at promoting a bigger role for cooperatives in building a more equitable and sustainable market and society. Home-ownership has historically dominated the Italian housing sector, representing 72.2% of the total housing stock (about 35 million units)⁵, and this is reflected in the cooperative housing sector, as well. The data for each federation goes as follows: AGCI comprises 714 active cooperatives, 39,986 members, and 90,000 dwellings, of which approximately 70% are owned and 30% are rented;⁶ Federabitazione-Confcooperative Habitat is made up by 966 conventional housing cooperatives, 117 social housing cooperatives and 58 housing service cooperatives (*servizi all'abitare*), 71,500 members, and 165,000 dwellings allocated between 1998-2018, of which approximately 85% are owned and 15% are rented;⁷ Legacoop Abitanti is formed by 1,861 active cooperatives, 417,200 members, and 322,000 dwellings, of which 84% are owned and 16% are rented.⁸

Cooperative housing production

Access to land and buildings

Housing cooperatives can access public land and buildings alongside other subsidized housing developers through

calls for public/private partnership housing programmes. The public sector offers land, financing and tax breaks to meet housing needs by lowering the cost of renting (mostly) or owning housing as compared to the open market.⁹

Housing cooperatives can access public regional calls for public/private partnerships alongside other subsidized housing developers. Since the state-wide housing reforms introduced by Law no. 431/1998, the planning, design, building and maintenance of social housing has fallen under regional competence, while the national government has played a more limited role in policy development, building regulations approval, data collection and information exchange.

A recent programme in the region of Lazio offers a valuable case study on public policy that promotes zero-equity housing cooperatives through the self-rehabilitation

⁴ Some estimates stated that by 1973 there were over 150,000 members of undivided cooperative housing, of which over 69,000 lived in the northern region of Lombardy (Ronza, 1975). Contemporary data on the sector is not available.

⁵ Catasto edilizio urbano (2017).

⁶ www.agci.it.

⁷ Data provided by Dr. Antonio Perruzza, Director of Confcooperative Habitat.

⁸ www.legacoopabitanti.it.

⁹ Subsidized housing policies are implemented according to Articles 35, of Law no. 865/1971 (the main piece of legislation for the entire public housing construction process) and Article 18, d.P.R. no. 380/2001. In particular, the procedure outlined by Law no. 865/1971 sets forth an initial acquisition phase of the area as municipal public property.

¹⁰ Lazio Regional Law no. 55/1998 - Self-rehabilitation of Real Estate; City Council Resolution no. 34/2001 - Approval of the final E.R.P. program; City Council Resolution no. 753/2002 - Approval of the call for tenders and draft agreement; Convention of the City Council no. 110/2005 - Parameters for housing policies promotion.



of public or private buildings in poor conditions.¹⁰ Selfrehabilitation cooperatives (*cooperative di autorecupero*) have emerged following the adoption of Regional Law no. 55/1998 on Selfrehabilitation of Real Estate (Lazio) (Felice 2014, 2015). The law was introduced in 1998 as a policy tool to regularize situations of illegal occupation by squatters, much like the 1982 legislative change in Berlin (Kranz et al. 1985). The law defines the entities involved in the programme, which include provincial and city administrations, public housing companies (IACP), public charity institutions (IPAB), and other local public entities. Under the framework of the City Renewal Plans (*Piani di Recupero*), these entities can identify non-residential buildings that they either own or belong to another public or eligible private body. These properties must be vacant or almost entirely abandoned, and priority is given to properties near city centres. The programme involves the rehabilitation of the abandoned property and the subdivision of its indoor spaces into single- and multi-family dwellings. Part of the renovation work is to be carried out by a cooperative formed by prospective tenants.¹¹

Once identified, the public entities acquire the properties eligible for residential use and make a public call for tenders. The call announcement must include the following information: *a*) the buildings to be rehabilitated, as well as the location and a description thereof; *b*) a preliminary project and initial budget calculation of the rehabilitation and construction work to be completed; *c*) the deadline for completing the rehabilitation work; *d*) an outline of the agreement, including a description of the work to be carried out by the owner and the work to be carried out by

the self-rehabilitation and/or self-building cooperatives; *e*) the conditions that must be met by the self-rehabilitation and/or self-building cooperatives to participate in the call; *f*) and lastly, the criteria for choosing the cooperative. The Ministry of Infrastructure provides funding for the rehabilitation and, once the project is complete, the building becomes part of the public housing stock. The law has been applied only in a small number of cases (just 17 since 1998) and mostly in Rome. Nevertheless, it has fostered the creation of tenant-managed housing cooperatives through collaboration with public entities, thus contributing to the creation of affordable housing.

Municipal governments are exclusively responsible for the implementation of social housing policies and for selecting social housing applicants. They approve the local Zone Plan for Low-income Housing (*Piano di Zona per l'Edilizia Economica e Popolare*) – a detailed development plan valid for 18 years – and can use expropriation as a tool to acquire and municipalize land in private ownership. Expropriation involves buying land at a price defined by its intended use before it becomes a development area for social housing (since the 2000s, this price is calculated based on the final intended use). Following expropriation, the land can either be leased through surface rights (*diritto di superficie*) – usually for 99 years, after which it is returned to the city – or, in exceptional cases, transferred with ownership rights (*diritto di proprietà*) under financial conditions that benefit the developers.

¹¹ Housing cooperatives established under this framework are: Cooperativa Vivere 2000, Cooperativa TECLA, The Cooperative Inventare l'Abitare, Cooperativa Corallo.

Housing cooperatives can propose areas to be included in the Zone Plan for Low-income Housing. They can also access land by paying ancillary fees (*oneri accessori*), usually consisting of the expropriation and urbanization costs. When the dwellings are sold or leased to cooperative members, the cost of the expropriation procedure is included in the price and the municipality is, thus, refunded for these expenses. In fact, municipalities cannot permanently allocate financial resources to housing and must reach a zero-sum balance at the end of the operation. During the final phase of housing management, city administrations are called upon to conduct the regular inspections of the locations and types of buildings under construction, the use thereof and, importantly, sale and rental prices.¹²

Access to financing

Until the early 2000s, the central government financed cooperatives through an interest account (*conto interessi*), that is, by paying mortgage interests on behalf of the cooperative. In this way, the state was able to finance cooperatives in instalments. Subsidized housing cooperatives have access to public guarantees and low-interest loans (under the supervision of the Ministry of Infrastructure, formerly the Ministry of Public Works). Subsidized bank loans are reserved for subsidized housing cooperatives. The supervision of cooperatives with tax contributions takes place at the national level and is the responsibility of the Ministry of Infrastructure. Construction costs that are not covered by loans granted by banks or other credit institutions are covered by the social fees paid by housing cooperative members.

Following the introduction of the Regional Law no. 55/1998 on self-rehabilitation cooperatives, the Lazio regional government financed self-rehabilitation through a public guarantee of low-interest mortgage loans for rehabilitation costs not covered by the municipality. The city of Rome negotiated special loans with Banca Etica, a national ethical bank. Mortgage loans were used by the inhabitants to cover refurbishment costs (tools and construction materials) and to pay construction companies, where necessary.

Direct subsidies

On a national level, social housing cooperatives can receive public subsidies and are bound by the provisions of Royal Decree no. 1165/1938. Regional governments can also directly finance housing cooperatives through public tenders for the construction of subsidized housing, as mentioned above.

In the case of the Lazio rehabilitation programme, the Ministry of Infrastructure provides funding to the region of Lazio in response to its housing emergency. However, only two calls have been made since the law came into force in 1998: the first allocated €3,500,000 (while the cooperatives themselves raised €1,500,000), for a total of 97 dwellings through the rehabilitation of six squatted schools. The second loan came from the municipal budget, representing a public investment of around €2 million. This was used for the construction of 249 dwellings through the rehabilitation of 11 unused public buildings and one convent.¹³ The

¹² See Law 167/1962 (Legge Bosetti & Gatti); Law 865/1971; Law 179/1992, on regulations for public housing.



construction costs were funded by a subsidized loan granted to the cooperative, for which the municipality acts as a guarantor. The instalments are returned by the cooperative members once they are allocated the apartments, through equivalent monthly instalments in lieu of rent.

Indirect subsidies

In Italy, cooperative housing developers are exempt from taxes on construction costs. Housing cooperatives under common ownership (*a proprietà indivisa*) receive tax benefits through Article 2 of Law no. 388/2000, Financial Law for 2001 (Legge Finanziaria per il 2001). They also receive a discount on corporate tax (IRES, Imposta sul Reddito delle Società) based on the cadastral value of each dwelling, which is equated to a under owner-occupancy.

At the municipal level, housing cooperative members are exempt from municipal property taxes (IMU).

Technical support

In the city of Rome, the office that oversees the Zone 167 Plan – the national plan for the development of low-income housing, in accordance with Law no. 167/1962 – also offers technical support to housing cooperatives.

Access and management

Regulations on access to the cooperative housing stock

Housing cooperatives usually assign dwellings to members according to their articles of association. The procedure changes only when a cooperative development responds to

regional calls for tenders that target specific groups in need of housing, such as young families, the elderly or disabled people. In such cases, in addition to being co-op members, new residents must also comply with regional criteria.

In the case of the self-rehabilitation law for the region of Lazio, preference was given to individuals who were living in squatted buildings, mostly in public ownership, and thus considered at high risk of housing exclusion. By forming cooperatives, the squatters became eligible for regional and municipal tenders. Help desks were also created for those interested in signing up for waiting lists for subsidized housing from self-rehabilitation. According to Article 4 of Law no. 55/1998, self-rehabilitation and/or self-building cooperatives must be formed by more members than the number of housing units to be assigned; household income must not exceed the established limit to access subsidized housing and members must not own another property in the region nor already be recipients of public housing. Such cooperatives must also refer to self-rehabilitation and/or self-building as their exclusive purpose in their memorandum of association and include criteria for ranking cooperative members on their housing allocation list in their articles of association. The building is then assigned to the cooperative, which is selected according to the parameters set by the tender notice.

¹³ The first rehabilitation was of the former convent of S. Agata in Piazza Sonnino, squatted since 1989 by 12 families (10 dwellings). In the following years, the programme extended to the following properties: via Monte Meta (16 dwellings); via Monte San Giusto (32 dwellings); via Marica (27 dwellings); via Appiani (17 dwellings); via dei Lauri (23 dwellings); via delle Alzavole (8 dwellings); via Saredo (11 dwellings); via Grotta Perfetta (18 dwellings); via F. De Grenet (8 dwellings); via Rigola (39 dwellings), for a total of 183 dwellings.

Article 6 outlines ‘cooperative ranking and assignment’, stipulating that the cooperative assigned to the building to be rehabilitated must prepare its ranking according to the criteria set forth in its articles of association and inform the owner entity within 60 days of signing the agreement with the municipality. At the end of the rehabilitation, the owner assigns the property units to cooperative members according to the ranking and requirement checks. Relations between the members and the cooperative during the construction, assignment and rental phases of the property, however, remain governed by the cooperatives’ own regulations.

Subsidies to maintain affordability

At the regional level, public funds can be used for primary rehabilitation, including structural work, exterior surfaces of the building (facades and roofs), and the building of common spaces.

Maintenance of the model over time

Regulations on housing equity and the commodification of dwellings

If a housing cooperative decides to dissolve, its capital reserve must be transferred to the national solidarity fund for promoting cooperatives (COOPFOND) and cannot be distributed among its members (in line with the concept of an indivisible reserve).¹⁴

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¹⁴ See Law 59/1992, ‘Nuove norme in materia di società cooperative’.



Housing created with the support of the Mitchell-Lama program.
Source: Karl Davison

New York (USA)

Eduard Cabré

Introduction and context

In the United States, housing policies are defined by three levels of government. At the federal level, public housing policy over recent years has mainly consisted of tax incentives for the purchase of housing and a comparatively modest rental assistance programme – Section 8 – managed by the Department of Housing and Urban Development (HUD). From the end of WWII until the 1980s, however, the federal government funded the construction of public housing throughout the country. This policy was completely abandoned when Ronald W. Reagan took office, thus leading to the disappearance of public housing in most states. In turn, state governments act as intermediaries in implementing federal programs at the local level. They also offer subsidies of their own to local governments. Lastly, local governments manage zoning and land use, property taxes and public housing (where applicable). They also have specific funding programs for rehabilitation projects and to promote affordable housing, such as those run by the New York City Department of Housing Preservation and Development (HPD).

The most common form of housing tenure in the US is home-ownership, representing 63.8% of housing in 2017, whereas just 36.2% corresponded to rentals. Nevertheless, in New York City, home-ownership makes up less than one-third of housing (32.6%), as compared to 67.4% rentals.¹ Cooperative housing is included under home-ownership and comprised some 400,000 units in 2018, or more than 10% of total housing in the city.²

Housing cooperatives are generally viewed as a solution for upper-middle- to high-income households, since, in many ways, they more closely resemble a model of condominium-ownership than right-to-use cooperative structures in Europe do. In legal terms, residents of housing cooperatives own shares in the entire building rather than individual housing units and are entitled to occupy one of the houses under a fixed-term leasehold (usually lasting 99 years).³

¹ U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

² See www1.nyc.gov/assets/finance/downloads/pdf/reports/reports-property-tax/nyc-property_fy18.pdf

Each cooperative has its own rules regarding prices and resale (initial deposits may range from 20% to 50% of the initial deposit for ownership) and establishes its own approval process for new members.

Within the sphere of housing cooperatives, there exists a subtype aimed at middle- and lower-income households known as limited equity cooperatives. These cooperatives have lower resale prices and, therefore, more affordable deposits.⁴ While they do limit how much members may earn when leaving the cooperative, these co-ops function as described above for all intents and purposes. Moreover, they often offer new members financing options to cover the deposit, which may range from \$10,000 to \$20,000. The non-profit organization Urban Homesteading Assistance Board (UHAB) is a pioneer in providing both financial and technical support for this type of cooperative.⁵

Cooperative housing production

Historically speaking, one of the initiatives that led to the construction of the most cooperative housing in New York City was the 1955 Mitchell-Lama programme, promoted by New York State Senator MacNeil Mitchell and Assemblyman Alfred Lama. Under this programme, private contractors built cooperative housing for low- and middle-income households using private property that had been expropriated by local jurisdictions.

It is estimated that more than 100,000 units were built under this plan, which is still running today, although it is now focused on providing support to already existing projects. That said, most of these units were deregulated

in the 1990s, once the term of protection demanded in exchange for public aid had expired or once members of the cooperatives had paid off these subsidies. Only 75 of these buildings, with 45,000 housing units, still exist in New York as cooperatives.⁶

New York City currently promotes public programmes that provides support for public and private building tenants who want to purchase their building and manage it as a cooperative. These programmes often receive public aid for rehabilitation in exchange for maintaining housing affordability for a fixed period, which is calculated in relation to the subsidy amount received. Small, multifamily buildings that are very expensive and difficult for city offices to lease are often the main focus of such programmes. Many of these buildings ended up in the hands of city council due to tax evasion, which was a relatively common practice in the 1970s and 1980s, when the population was declining.

One such programme is the Tenant Interim Lease Program,⁷ which allows tenants of city-owned buildings to become owners of said units as a cooperative. As part of this programme, the Affordable Neighborhood Cooperative

³ See furmancenter.org/files/publications/coopcondoarticlejuly23_2006_1_1.pdf

⁴ See uhab.org/sites/default/files/doc_library/Limited_Equity_Cooperatives_A_Legal_Handbook_0.pdf | leap-ny.org/wp-content/uploads/2015/11/limited-equity-coop-1.saegert.pdf.

⁵ See www.uhab.org and uhab.carto.com/viz/9bf4515c-fef

⁶ See streeteasy.com/blog/what-is-mitchell-lama-housing/.

⁷ See furmancenter.org/coredata/directory/entry/tenant-interim-lease-program.



Program finances housing rehabilitation by a private contractor who is also responsible for organizing the community and equipping it with the skills and resources needed to manage itself as a cooperative. Public funding is provided in the form of a low-interest loan from the City Council and long-term financing from private lenders and the New York Affordable Housing Corporation.

Under a similar model known as the Third Party Transfer Program, ownership of buildings expropriated by the City Council due to tax evasion is temporarily transferred to the non-profit organization Neighborhood Restore, which stabilizes and rehabilitates so they can later be transferred to the residents grouped together as a cooperative or non-profit organization.⁸

Likewise, the New York City Council supports several initiatives to create new Community Land Trusts (CLT) in the city. The current program is funded and managed by the non-profit organization Enterprise Community Partners (with funds from legal agreements with banks)⁹ and is aimed at promoting the technical education of organizations interested in promoting CLT in the city and providing financial support to those which already own property. The City Council is presently in debate over whether to allocate part of its annual budget to supporting these initiatives.¹⁰

Access to financing

The Mitchell-Lama programme offered low-interest mortgages subsidized and guaranteed by the federal, state and New York City governments. This line of funding

is currently limited to refinancing existing cooperative projects, however.

At the local level, the Affordable Cooperative Housing Program (which no longer exists) offered low-interest loans for the construction and permanent mortgage of cooperatives.¹¹ Likewise, the Small Homes Scattered Sites Loan Program (which no longer exists, either) offered funding for the purchase of small, public infill sites.¹²

Today, cooperatives can access low-interest loans offered by the local HPD under conditions similar to those granted by non-profit and low-profit housing developers.

Direct subsidies

Low-Income Housing Trust Fund Program: Provides subsidies to eligible low-income applicants to construct housing, rehabilitate vacant or underutilized housing, or make vacant or underutilized non-residential property into suitable for residential use, with the goal of becoming renters, owners (of condominiums) or cooperative members.¹³

⁸ See furmancenter.org/coredata/directory/entry/third-party-transfer-program.

⁹ See ag.ny.gov/press-release/attorney-general-james-announces-8-million-grants-fund-affordable-housing.

¹⁰ See www.neweconomy.nyc.org/2019/06/nyc-takes-bold-action-to-address-the-affordable-housing-crisis-by-supporting-community-land-trusts/.

¹¹ See furmancenter.org/coredata/directory/entry/affordable-cooperative-housing-program.

¹² See furmancenter.org/coredata/directory/entry/small-homes-scattered-sites-loan-program.

Urban Homestead Program (no longer exists): Granted \$10,000 to co-housing units that had illegally occupied vacant buildings in poor conditions to rehabilitate and inhabit them.

Indirect subsidies

Mitchell-Lama: Tax incentives granted by the federal, state and New York City governments.¹⁴

Technical support

Regarding technical support, the Tenant Interim Lease Program offers training programs in housing management.

Access and management

Under the Mitchell-Lama program, each development has its own waiting list, which is usually organized hierarchically by a governing board. Daily maintenance and management is generally consigned to a private subcontractor.

As for the Affordable Neighborhood Cooperative Program, once rehabilitation is complete, current residents pay a \$2,500 deposit to become members of the cooperative, regardless of the size or location of the house. They also pay a monthly fee for maintenance, which is adjusted to housing size and the true cost of building maintenance. In the case of vacant units, or should one become available, they must be offered to households with an income between 80% to 120% of the area median income. The deposit is calculated such that households do not pay more than 33% of their annual income on housing, including the maintenance fee and mortgage payment (taking a 30-year

mortgage with a 10% deposit and 5% fixed interested rate as a reference).

Maintenance of the model over time

The minimum affordability period for housing is generally proportional to the subsidy amount received. Therefore, both the Tenant Interim Lease Program and Third Party Transfer Program/Neighborhood Restore set their affordability period based on the provisions of each financing agreement.

In the case of Mitchell-Lama housing, all buildings built before 1974 are subject to rent stabilization by law, while those built later may opt out of the program once the mortgage has been paid off.



¹³ See furmancenter.org/coredata/directory/entry/low-income-housing-trust-fund-program.

¹⁴ See www1.nyc.gov/site/hpd/renters/mitchell-lama-rentals.page.



Image by De Nieuwe Meent, winner of one of the competitions to build cooperative housing in public land in Amsterdam
Source: Time to Access i.c.w. Roel van der Zeeuw architects

The Netherlands

Carles Baiges

Introduction and context¹

Although once common, housing cooperatives were banned in the Netherlands after World War II. During the reconstruction, significant government subsidies were granted for public housing. The government was afraid, however, that members of housing cooperatives would capitalize on the assets they had accumulated by selling their subsidized houses, for example. Instead of cooperatives, only housing associations and foundations were allowed to be active in public housing. This changed with the 2015 Housing Act, which in Article 18a recognizes housing cooperatives as part of the public housing system in the Netherlands.

The article also gives tenants in the social housing sector who want to start a housing cooperative several rights for the first time. The article is further developed in the 2015 Decree on Admitted Institutions for Public Housing (Besluit toegelaten instellingen volkshuisvesting, BTIV) and in the Regulations on Admitted Institutions for 2015 (Regeling toegelaten instellingen, RTIV). The Dutch Ministry of Housing distinguishes between three models:²

1. Buying cooperative housing (*Koopcoöperatie*): Sitting residents buy the house. This is a form of housing cooperatives in which it is still possible for people to buy a home.

2. Managing cooperative housing (*Beheercoöperatie*): Residents take over management but the house is owned by a third party. Residents may indicate which parts they do and do not want to take over.

3. Renting cooperative housing (*Huurcoöperatie*): The housing cooperative buys and takes over a piece of property from a housing association and may then rent out the property or grant usage or membership rights.

Based on Article 18a and following the details of the BTIV and RTIV, groups of residents may start a housing cooperative in homes owned by a housing corporation. But the 2015 Housing Act gives tenants no guarantee that the housing cooperative will be completed. Although the

¹ From www.cooplink.nl/wiki/Wetgeving.

² See wooncooperatie.com/informatie/wat-is-een-wooncooperatie/.

legislation allows residents to become ‘collective owners’ of a residential complex, it does not set forth any provisions making collective financing more accessible. In practice, this is a major stumbling block for initiative groups. This new legislation, therefore, only applies to social rented properties owned by housing associations. Tenants of private and commercial landlords who want to start a housing cooperative can benefit from the knowledge and practical developments that take place in housing cooperatives.

Before the Housing Act, “in 2000, parliament adopted the People, Preferences, Housing Memorandum (Mensen, wensen, wonen). The policy demanded greater influence for inhabitants on housing and the environment, as well as accessibility to the housing market, customized housing and more room for eco-friendly housing. A programme aimed at turning 30% of housing production into selfdevelopment was implemented. [...] This process has changed the nature of the situation: individuals now have more access to land to build on individually (PO) or as a collective client (CPO), much like the German *baugruppen*. Since 2009, self-building has become an urban strategy in some major Dutch cities, such as Almere and Rotterdam. Almere expanded this strategy, guiding citizens through the planning process and training civil servants accordingly. It also facilitates *baugruppen* to make self-development accessible for lower-income households through the I Built Affordably in Almere Strategy, or IBBA”.

Cooperative housing production

Access to land and buildings

Since just 2008, a new Spatial Planning Act gives

municipalities better options to guide development, including the possibility of incorporating social or affordable housing – rather than just housing – into land-use plans³. Traditionally, Dutch municipalities make building lots available to housing associations at lower prices than those paid by private developers. In Amsterdam, social rented housing represents about 50% of the total housing stock and the city owns 80% of the land⁴.

In cities, most of the land is used under a leasehold (*erfpacht*) system in which the city is the landowner. There are two leasehold systems: annual leasehold (*jaarlijkse erfpacht*), in which a fixed ground rent is established and remains at that level permanently, or a pre-paid leasehold (*afgekochte erfpacht*), in which the ground rent is adjusted every 50 or 75 years⁵.

In 2017, the city of Amsterdam decided to start three experiments for housing cooperatives: on Center Island, in the East (Archimedesplantsoen), and in the South (Havenstratterrein). Following a motion by the city council, a fourth location in Noord (Elzenhagen Zuid) was devoted to housing cooperatives (Platform31 2018b).

³ See www.researchgate.net/publication/282653626_The_Netherlands_the_public_development_of_land.

⁴ See webcache.googleusercontent.com/search?q=cache:OziOQ_vLqqcJ:citiesintransition.eu/interview/co-housing-in-europe-2-vrijburcht-amsterdam+&cd=1&hl=ca&ct=clnk&gl=es.

⁵ See www.iamexpat.nl/housing/real-estate-news/who-owns-land-leasehold-ownership-netherlands&www.amsterdam.nl/en/housing/ground-lease/.



As previously mentioned, after the 2015 Housing Act, groups of residents who want to start a housing cooperative in homes owned by a housing corporation have the following options based on Article 18a and the provisions of the BTIV and RTIV:

- > The cooperative must include at least five homes located close together.
- > The majority of the initiators (50% +1) must have a maximum income of €38,950.
- > After reporting their intention to set up a housing cooperative to the housing corporation, they must then be given six months to draw up a cooperative plan (business plan).
- > The housing corporation may not sell or demolish the relevant homes for six months.
- > The residents' group shall receive at least €5,000 to hire independent support (to be paid by the housing association). In practical terms, the residents' group can report the costs incurred for hiring experts to the housing corporation. The residents' group and the housing association can also agree on an amount higher than €5,000.
- > It is expressly mentioned that prospective members shall not report the hours they devote to the project or receive any form of compensation taken from this amount: prospective members shall have to invest their own time and resources into drawing up the plan.
- > The cooperative plan must contain a proposal for how the independent maintenance and management of the houses shall be organized.
- > The cooperative plan must also include the terms and conditions of sale that the housing association and resi-

dents' group have agreed on.

- > It must also include regulations for complaints.
- > If the housing cooperative succeeds, it shall receive payment for five years of maintenance.

Access to funding

There are no specific measures for access to financing for housing cooperatives. However, they can apply for subsidies for senior cohousing, even as a cooperative. These subsidies are granted by the Ministry of Health, Welfare and Sport.

The Housing and Care incentive scheme⁶ offers a subsidy for the beginning phase of a residential care arrangement, in which the feasibility of the initiative is tested. An estimated 70 to 90 plans may receive subsidies in 2019.

The government guarantees 90% of banks loans for the plan development phase. This scheme makes it possible to guarantee up to €10 million in loans for at least 50 projects each year.

There is also a guarantee for a subordinated loan for 15% of the foundation costs during the construction and post-financing stage. With this guarantee, residents' initiatives and social entrepreneurs can get financing much sooner. This is expected to guarantee loans for around 50 projects every year in the coming years.

⁶ Platform31 (2018b) *De wooncoöperatie, die komt er wél*: www.platform31.nl/publicaties/de-wooncooperatie-die-komt-er-wel.

The ceiling on possible guarantees will be raised in the near future. As of 2021, the maximum amount of outstanding guarantees might reach up to €164.4 million.

There are also regulations from the Ministry of Health, Welfare and Sport on granting subsidies to encourage home care arrangements⁷. The state provides a subsidy to work out a feasibility plan. In general, when applying for a subsidy, a vision document of the residential care arrangement, including an exploration of potential residents and their wishes and budgets, has already been prepared. A maximum subsidy of €1,000 per home can be obtained in residential care arrangements, with a €20,000 maximum per project. The maximum duration of the initiation phase is one year. There are several additional conditions to ensure sufficient commitment from the participants and a strong probability of a successful feasibility plan. The government subsidy covers up to 50% of the costs of the feasibility plan; initiators are expected to contribute the remaining 50% on their own. A location must be selected before the subsidy is made available and the landowner must confirm that the location is available or the municipality must declare that it is making every effort to find a location. In order to ensure that the feasibility study will be of sufficient quality, the subsidy requires that a process supervisor support the initiators in drawing up the plan to carry out of the initiative.

Due to these requirements, the subsidy is generally provided to projects that have already made some progress in the initiation phase. If an accredited bank has made a binding offer for the development phase, the state guarantees the

providing bank for 90% of loans for up to €10,000 (90% *€10,000 = €9,000) per home, with a project maximum of €200,000. The remaining 10% (maximum €1,000 per home or €20,000 per project) is at the bank's risk.

The state guarantees a maximum of 15% of the loan for foundation costs. If the bank is prepared to lend 70% of the foundation costs as a regular loan and the state guarantees another 15% as a subordinated loan, the remaining 15% must be contributed by the participants themselves.

A total of €90 million is available for the scheme (guarantee and implementation costs). Of this, €1 million is available annually for subsidies in 2019, 2020 and 2021.

Direct subsidies

There are no specific construction subsidies for housing cooperatives. However, it's possible to apply for subsidies for DIY construction (*zelfbouw*), even as a cooperative, in cities such as Amsterdam⁹.

The sustainable DIY construction subsidy offers:

- > €3,000 per home with an energy performance certificate (EPC) value that is 0.25 lower than that of the Building Decree at the time of applying for a subsidy for homes with an EPC value of -0.15.

⁸ See www.rijksoverheid.nl/binaries/rijksoverheid/documenten/regelingen/2019/02/01/conceptstimuleringsregeling-wonen-en-zorg/conceptstimuleringsregeling-wonen-en-zorg.pdf.

⁹ See www.amsterdam.nl/veelgevraagd/?productid=%7BA6E63C76-EE62-4CA6-BA84-AC8B1EEDEDB0%7D.



- > €5,000 per home with an EPC value of –0.15 or lower.

The maximum subsidy per new-build home is €5,000. If a collective wants to build several new homes, the maximum subsidy for all construction is €200,000.

Similar measures exist in other provinces, such as Gelderland¹⁰, where there are subsidies for zelfbouw:

- > €2,000 for process support in preparation for the application and formal establishment of a collective.
- > €10,000 for the preparation of a project plan for a CPO housing project if it involves new construction;
- > €12,500 for drawing up a project plan for a CPO housing project if it involves existing construction or the demolition of existing construction with subsequent new construction.

The province of Gelderland also offers an interest-free loan, for a maximum duration of two years, covering up to 65% of the costs and a maximum of:

- > €7,500 per home and up to €150,000 per CPO housing project if it involves new construction;
- > €10,000 per home and up to €200,000 per CPO housing project if it involves existing construction or the demolition of existing construction with subsequent new construction.

Indirect subsidies

There are no specific indirect subsidies for housing cooperatives. However, there exists an interesting landlord

levy exemption for small providers of social housing at a national level¹¹. Lessors of social rental housing have to pay a levy, which is calculated based on the property value (WOZ) of all homes with a rent below the liberalization limit (*huurliberalisatiegrens*), or the maximum amount established by the Government to determine what qualifies as social housing. The scheme applies primarily to corporations, but also to private landlords in the social sector, including housing cooperatives that own property.

To protect smaller agents, the first 50 homes are exempt. This means that social housing cooperatives are only obliged to pay the landlord's levy to tax authorities if they own 51 houses or more. In such cases, cooperatives must file a report with the tax authority, which will assess whether this tax must be paid on a case-by-case basis.

Technical support

The city of Almere has an information point for DIY projects, although not specifically for cooperatives.

Access and management

Regulations on access to the cooperative housing stock

Projects that involve the construction of one or more social rented properties rather than marketpriced rental homes

¹⁰ See decentrale.regelgeving.overheid.nl/cvdr/xhtmloutput/Historie/Gelderland/CVDR390394/CVDR390394_18.html.

¹¹ Platform31 (2018a) *De wooncoöperatie als verhuurder. Wettelijke kaders en adviezen voor initiatieven*: www.cooplink.nl/mediawiki/documents/2018-11%20De%20wooncooperatie%20als%20verhuurder%20-%20Platform31.pdf.

benefit from a discount on the land value. For example, in the Amsterdam Centrum-eiland Pilot Wooncoöperatie, a discount on the land value of €361 per m² of surface used for social rent (excluding VAT) applies¹².

Housing associations still play a significant role in Dutch housing. The 2015 Housing Act forces housing associations to support a group of tenants who want to start a housing cooperative in one of their properties but they are not obliged to sell.

The act also gives tenants who want to start a housing cooperative several rights for the first time but no guarantees that the housing cooperative will be completed. Although the legislation allows residents to become collective owners of a residential complex, it does not set forth any provisions making collective financing more accessible. In practice, this is a major stumbling block for initiative groups. Housing corporations are also not obliged to sell their properties or give them to housing cooperatives. Landlords are not obliged to take any action if they do not want to. The Housing Act only obliges them to give the resident group a chance by providing six months to discuss it and by granting at least €5,000 to develop a cooperative plan¹³.

There also exists a scheme by which housing cooperatives can slowly buy the property without having to make the entire investment at once. After identifying the limited company (*B.V.*) that owns the house, the cooperative buys shares in the company. The more shares they buy, the more control they have. So-called *B.V. construction* (*B.V.*

constructie)¹⁴ makes it possible for an existing residential community to set up a housing cooperative without starting capital.

Subsidies to maintain affordability

The Dutch government typically subsidizes housing for people with low incomes, thus allowing households from any social group to access almost any community, regardless of income level.

There are no specific subsidies to maintain affordability for housing cooperatives. However, their members can apply for the general housing allowance, which is provided by the tax authorities to the individual tenant. The landlord is only indirectly involved and it makes no difference whether it is a corporation or private party. The housing allowance is calculated based on extensive parameters and formulas. Tenants can apply for the housing allowance on their own if they are 18 or older and are registered at the address of the property. Only one tenant may receive a housing allowance per home. Nevertheless, the Tax and Customs Administration analyses household composition, age, joint income and individual rental price of the home. It also looks at the assets of the applicant and any partner or co-resident, including savings and investments. As an exception, in some care situations, it is possible to deviate from this process.

¹² See www.amsterdam.nl/wonen-leefomgeving/zelfbouw/projecten/centrum-eiland-pilot/.

¹³ See www.cooplink.nl/wiki/Wetgeving.

¹⁴ See www.cooplink.nl/wiki/B.V._constructie.



If housing cooperatives want their residents to request the housing allowance, they must offer a regular lease for houses with a rent below the liberalization limit. The housing allowance is only granted to independent houses in the regulated social segment. The starting point is the rent at the beginning of the lease. Thus, even if the rent later exceeds the current liberalization limit due to annual increases, the right to rent allowance remains intact. Conversely, if the housing cooperative moderates or even reduces rent, while the income of the tenant increases, at some point they may receive less or even no housing allowance. Housing allowance and the ratio between rent and income are communicating vessels.¹⁵

Maintenance of the model over time

Regulations on housing equity and the commodification of dwellings

The Netherlands' strongest method for restricting the commodification of housing is binding it to urban planning and the terms of land lease agreements. For example, Article 9, Use in Accordance with the Destination, of the 2016 General Provisions for Perpetual Ground Lease states that 'the leaseholder is obliged to use the parcel in accordance with the intended use and the permitted use as included in the leasehold deed'.

¹⁵ Platform31 (2018a) *De wooncoöperatie als verhuurder. Wettelijke kaders en adviezen voor initiatieven*: www.cooplink.nl/mediawiki/documents/2018-11%20De%20wooncoöperatie%20als%20verhuurder%20-%20Platform31.pdf.



Îlot Fleuri Housing Cooperative (Quebec)
Source: Jeangagnon (Wikimedia Commons)

Quebec (Canada)

Max Gigling

Introduction and context¹

The Quebec model of rental housing cooperatives has been functioning since 1973² and has created approximately 30,000 affordable homes distributed among 1,300 cooperatives, providing housing for 60,000 people.³

Before the creation of rental housing cooperatives, Quebec had experimented with other models of housing cooperatives. Starting in 1941, construction cooperatives were founded to promote access to home-ownership after the housing shortage of the 1930s due to the Great Depression and the aftermath of World War II. These cooperatives mostly built single-family homes, which they sold to their members.

In the early 1960s, a new formula was introduced. A study group formed in 1964 by the Quebec Council for Cooperation concluded that the housing cooperative movement should develop government-subsidized housing units for low-income households. This group introduced the principle of perpetual collective property, by which cooperative members are both individual tenants and collective owners. As a result of this group's work, the

former Housing Cooperative Federation (founded in 1948) became the Co-op Habitat Federation in 1969.

Co-op Habitat was designed as centralized organization where professionals and specialists took precedence, leaving little room for members of cooperatives. This bureaucratic model, in which members did not play a role in managing their cooperative, failed and in 1971 Co-op Habitat filed for bankruptcy.

However, thanks to two political initiatives, the situation continued to evolve. On the one hand, in 1973, and in spite of housing being under a regional competence, the Canadian government made use of its funding capacity through the National Housing Law to promote the first programme to develop rental housing cooperatives, which was followed by other federal programs until 1993.

¹ The author would like to thank Pierre-Alain Cotnoir, secretary of the FECHIMM, for his valuable contributions.

² To learn more about the history of the movement, see, for exemple, Légaré et al. (2012) and AGRTQ et al. (2002).

³ See agrtq.qc.ca/wp-content/uploads/Les-enjeux-prioritaires-de-lhabitation-communautaire-et-sociale-pour-les-%C3%A9lections-2018-.pdf.

On the other hand, after the Parti Québécois (Quebec Party) won the 1976 elections, the Quebec government introduced an action plan in 1977 for the creation of housing cooperatives. Taking advantage of funding by the federal program, the Quebec government took out a loan and launched the Logipop programme through the Quebec Housing Society (*Société d'habitation du Québec*, SHQ).

The Logipop programme was aimed at promoting smaller sized cooperatives. It offered a subsidy for the creation of small housing cooperatives managed entirely by members. To guarantee the technical support required by cooperative members, a network of Technical Resource Groups (GRT) was also created. Several hundred housing cooperatives rapidly emerged.

In 1993, the conservative federal government in power eliminated the housing cooperative programme despite evaluation reports that deemed it one of the best governmental programmes in terms of cost-benefit. Just 25 years later, in 2018, the federal government once again introduced subsidies for the creation of housing cooperatives.

Quebec had already experimented with several programmes for the development of housing cooperatives but without allocating a significant chunk of its own resources. However, given the shortage of federal financing since 1993, the Quebec government decided to create the AccèsLogis Québec programme in 1997, which was bold enough to cover the missing federal funding.

Some special features of the housing cooperative model in Quebec

In Quebec, housing cooperatives are rental cooperatives. Members are not required to provide individual capital but,⁴ rather, the cooperative's obligatory social fee, which is around €200 at most.

From a legal perspective, a cooperative is the owner of the building it manages and rents housing units to its members. Tenants are members of the cooperative and are responsible for managing it (SHQ 2014: 1).

Unlike other Canadian provinces, where cooperatives are generally large and managed by paid staff, the 1,300 cooperatives in Quebec are, for the most part, entirely managed by their members and comprise 20 housing units, on average. Even so, there is a wide range of sizes, ranging from 3 to more than 800 units.

Over time, federations (second-level cooperatives, according to Quebec legislation) arrived to offer helpful services for cooperative members, such as insurance service, management support, accounting, financial investments, property inspections and construction oversight, training, assembly mobilization, etc. Today, these services make management and community life easier for many cooperatives.

⁴ The third principle of the 1977 Quebec Manifesto of Housing Co-operatives (*Manifeste des coopératives d'habitation*) establishes that 'a housing co-operative must be and must remain a collective property, which does not seek individual accumulation of capital, but rather the accumulation of collective capital'.



The Quebec model bolsters social diversity. Generally speaking, housing cooperatives have an even mix of low- and middle-income – although usually not enough to afford to own a home – households. To the extent to which the right to membership endures regardless of the evolution of income, there are often middle- to high-income households, as well over the course of time. A portion of housing is eligible for rental assistance programmes so that low-income households can access cooperatives. These programmes subsidize the portion of rent that exceeds 25% of household income.

In accordance with the requirements of the AccèsLogis Québec programme, rent paid by members of cooperatives should range from 75% to 95% of the median rent in the area where the cooperative is located. The initial rent of newly formed cooperative often comes close to the 95% maximum limit in order to cover all expenses and guarantee the cooperative's financial viability. In time, rent is adjusted based on the evolution of expenses, while staying within the aforementioned limits.

Over the medium to long term, the evolution of rent in the cooperative will stay lower than that of rent on the free market. This is partially because paying off mortgage loans requires less of the budget, and partially because the cooperative rent prices only reflect the evolution of real expenses and not that of land or building value. Therefore, cooperative rent prices progressively distance themselves from market price, giving rise to a difference often referred to as 'occupancy rent' for members. In fact, in several cooperatives, rent matches the market price, as established

in the contract. The contract, however, offers a reduction of up to 50% on rent for members in compensation for their participation in the cooperative's activities. In this regard, members' participation in the cooperative cannot be considered 'free' work since they receive financial compensation for it.

As for their organization, each housing cooperative has a governing board, usually formed by five directors, and various committees: a committee for selecting new members, a maintenance committee, secretary committee, finance committee, cohabitation committee, as well as other potential committees depending on the priorities of each cooperative.

Cooperative housing production

Historically, programmes run by the Quebec government have prioritized subsidies for production, whereas those run by the federal government have emphasized assistance in operations (AGRTQ et al. 2002: 14).

The AccèsLogis Québec programme – currently the main source of funding for new cooperatives – does not distinguish between these two concepts. The different types of programme assistance are laid out below to offer an overall view.

Production phase:

- > Production subsidies from AccèsLogis Québec:
 - > Mortgage loan guarantee
 - > Production subsidy (50% of eligible expenditure)
 - > Supplementary subsidies under specific conditions

- > During the production phase, cooperative projects financed through this programme must also include community assistance. This can come from a wide variety of entities and take on numerous different forms. However, in most cases, it comes from the municipality.

Operating phase:

- > Once operating, a portion of the cooperative's housing will be eligible for rental assistance.
- > Apart from the AccèsLogis programme, there may exist other subsidies, such as those for rehabilitation.

The Quebec Housing Society (SHQ) runs the AccèsLogis programme. However, municipalities can sign an agreement with the SHQ by which management of the programme is passed off to them, as is the case, for example, in the city of Montreal, the largest municipality in Quebec.

To receive these subsidies, cooperatives must go through a long process designed to demonstrate future viability.

Access to land and buildings

The cooperative project may involve the construction of a building, rehabilitation of an existing building, transformation of a non-residential building into a housing building, or the purchase of an existing building in liveable conditions.

To be eligible for subsidies, the project must include acquisition of ownership of the land and building, where applicable. Exclusively in the case of buildings owned by the SHQ or a municipality may a cooperative have a ground lease

(emphyteusis) for the property, lasting at least 50 years and in exchange for the payment of a fixed fee (SHQ 2017a: 1). In most cases, however, cooperatives are land- owners.

Access to financing

Cooperatives finance a portion of project production costs through a mortgage loan. This represents at least 35% of the total cost, although, in reality, it tends to be higher (see below).

Cooperatives take out the mortgage loan from a private financial institute. This loan is backed by the SHQ and has a term of 35 years. It is paid off through rent payments.

Direct subsidies

Through the AccèsLogis Québec programme, the SHQ subsidizes 50% of eligible project expenses while not exceeding the maximum cost limits established by the SHQ. Actual project costs may exceed this maximum limit, but always on the condition that the project's financial viability is guaranteed and rent does not surpass 95% of the median market rent.

Cooperative projects funded by AccèsLogis must also include assistance from the community (*le milieu*, literally, the environment). This contribution must represent at least 15% of eligible production expenses, although it may be reduced to 5% if the project respects all other financial viability parameters (SHQ 2017b: 17).

The contribution from the community is usually provided by the municipality. However, it can also come from a charity organization, private company, fundraising,



crowdfunding, etc. This contribution can come in many different forms: it may be financial aid, a land or building donation, a tax rebate, volunteer work by community members to create the cooperative, etc.

Depending on the location of the cooperative, obtaining this community contribution may pose the biggest challenge. Nevertheless, there are also municipalities that offer a more generic form of the contribution demanded by the AccèsLogis programme. For example, the city of Montreal has signed an agreement with the government of Quebec and offers an additional subsidy for 15% to projects submitted as of April 2018.⁵

This together with the contribution from the SHQ and the obligatory community assistance means that sunk cost subsidies may reach up to 65% of production costs, in which case the cooperative only has to bear 35% of the cost through a mortgage loan. However, these percentages are based on the maximum eligible costs, as determined by the SHQ. In practice, eligible costs tend to be lower than real costs, meaning the cooperative will end up contributing a larger amount.

Likewise, when evaluating the weight of subsidies, it is important to remember there are no operations subsidies. Cooperatives must, therefore, cover all expenses with income from rent. Initial rent prices for cooperatives are usually close to the limit of 95% of market rent, which shows that the subsidies granted for producing cooperatives do not support too much of the amount required to ensure financial viability.

Since the maximum eligible costs were not updated from 2009 to 2018, the difference between the eligible cost and true cost grew during this time. As a result, a growing number of projects initiated during that period are on hold because they cannot guarantee financial viability due to low subsidies and the prohibition on raising rent above the limit of 95% of median rent. In 2019, SHQ eligible construction expenses were increased by 25%, in the interest of unfreezing projects on hold due to insufficient funding.⁶

The financial aid granted by the SHQ first takes on the form of a loan and later becomes a sunk cost subsidy if the cooperative meets the conditions of the operating agreement signed with SHQ.

Eligible costs include:

- > Purchase of land and buildings, where applicable.
- > Cost of completing the rehabilitation or new construction work.
- > Related expenses, such as legal expenses, fees from professionals – such as the Technical Resources Groups (GRT) –, financial fees, etc.
- > Purchase of furniture and electrical appliances.
- > All applicable taxes and fees.

⁵ See ville.montreal.qc.ca/portal/page?_pageid=9337,112625600&_dad=portal&_schema=PORTAL.

⁶ This increase in the maximum amount of subsidies was funded, however, by a significant reduction in the budget available for new projects. See the memo dated 22 March 2019 from the Association des groupes de ressources techniques du Québec (AGRTQ 2019) and the memo dated 22 March 2019 from the Confédération québécoise des coopératives d'habitation (CQCH 2019).

A project may dedicate a portion of its surface area to non-residential use (to commercial premises, for example), in which case financial aid is limited to the residential part of the project (SHQ 2017a: 8).

In addition to housing, the residential part of the project includes other spaces related to residential use:

- > common areas.
- > areas used for project administration.
- > adaptation of land (garden, etc.).

Projects may receive supplementary aid in specific cases, such as the following (SHQ 2017b: 2-6):

- > adaptation of housing for people with disabilities.
- > projects located in areas where production costs are higher.
- > projects located in remote municipalities or those with a population below 2,500 inhabitants.

Indirect subsidies

Rental cooperatives do not receive specific tax benefits. Taxes and fees related to the project form part of the expenses that can be subsidized. As non-profit organizations, cooperatives do not pay corporate tax.

They do, however, pay land value tax (*impôt foncier*). This tax is calculated based on the market value of land and buildings and has increased considerably over the past 20 years due to the hike in property sale prices. Therefore, the housing cooperative movement is demanding that local tax administration be modified to grant subsidies for land value tax to housing cooperatives (FECHIMM 2019).

Technical support

During the production phase, cooperatives must work with a Technical Resources Group (GRT) unless it can demonstrate that, among its members, there are people with the qualifications required to perform the work usually taken on by a GRT.

GRT are private entities but must be recognized by the SHQ. Cooperatives choose and hire the GRT of their own choice and pay the corresponding fees, which form part of the eligible expenses. Maximum prices are established by the SHQ.

A GRT unites specialists in architecture, project management and mobilization/training under a single entity to develop both the real estate side of projects (architecture and management) and the cooperative side (through the mobilization and training of members). Cooperative training and promotion is considered an essential factor behind the long-term success of a cooperative rather than accessory elements.

GRT have their own association, called the AGRTQ.⁷ Cooperative federations, meanwhile, may have their own GRT, as part of the services it offers members.

⁷ See agrtq.qc.ca/.



Access and management

Regulations on access to the cooperative housing stock

Types of cooperatives and members

Cooperatives funded by the AccèsLogis Québec programme must be rental housing cooperatives (*coopérative d'habitation locative*) (SHQ 2014).⁸

Generally speaking, these rental housing cooperatives do not offer related services. Their objective is to 'bring together individuals interested in becoming members of the cooperative to occupy one of their rental housing units' (SHQ 2014: 1). These cooperatives are considered a form of consumer cooperatives and are governed by Articles 221 to 221.2.10 of the Quebec Cooperatives Act.⁹ In order to join one of these cooperatives, individuals must have a signed lease agreement with the cooperative and occupy one of its housing units. Each housing unit is allowed to have one or two cooperative members, as stipulated by the articles of association of the cooperative in question (Art. 221). When a member leaves a unit, they automatically lose their membership status (Art. 221.1).

In addition to this predominant model, the programme also finances the production of solidarity housing cooperatives. In addition to rental housing, these cooperatives offer other related services too. They are not considered consumer cooperatives but, rather, a form of solidarity cooperatives that may also accept employees or other support figures as members, in addition to the residents of their housing units (SHQ 2014: 1). Solidarity cooperatives are governed by Articles 226.15, although articles on rental cooperatives

also apply in the case of ownership solidarity cooperatives (article 226.14).

Selection

Cooperatives are exclusively responsible for selecting their members. Autonomous management of members is both a prerogative and an obligation: for example, a cooperative can not sign an agreement with a municipal social services entity by which it would have to reserve some of its units for households chosen by said entity (SHQ 2003: sec. 4.2). This helps maintain the autonomy of cooperatives, which is considered an essential feature in the way they work.

When a person leaves their cooperative housing unit, they have no power to decide who will occupy it next: the lease agreement may not be passed off, transferred, or inherited. Moreover, when the lease agreement is concluded, the tenant automatically loses their membership status.¹⁰

As regards the potential rights of non-members who have resided in the housing unit of an exiting member, each cooperative establishes its own rules in its articles of association, complying with the corresponding legislation. The cooperative must find a balance between having exclusive responsibility the selection of its members (as a

⁸ However, the programme also subsidizes the production of affordable housing managed by other types of entities, such as non-profit housing organizations (*Organisme à but non lucratif OBNL*).

⁹ Cooperatives Act (Loi sur les coopératives), RLRQ c C-67.2 §, accessed 23 May 2019, legisquebec.gouv.qc.ca/fr/ShowDoc/cs/C-67.2.

¹⁰ Article 221.1 of the Cooperatives Act.

principle) and the potentially legitimate desire of those who shared the housing unit with the exiting member – especially spouses – to remain in said unit.

It is worth noting that lease agreements grant members the security of unlimited leasehold, so long as they respect the cooperative's participation and co-habitation rules. Generally speaking, the inability to pay, when bona fide, does not violate the lease agreement, thanks to the possibility of obtaining rental assistance.

Members' income level

Cooperatives are targeted at people and households with low incomes, who must continuously occupy the housing unit as their main residence (SHQ 2017a: sec. 5.9-5.10).

Cooperative housing is affordable housing:

- > rent prices may not surpass 95% of the median market rent and
- > capital is not required to join a cooperative.

Moreover, between 20% and 50% of cooperative housing grants residents the right to rental assistance from the SHQ, which covers the portion of rent that exceeds 25% of income.

It is also worth mentioning that, between 1986 and 1993, there was an experimental funding programme for cooperatives aimed exclusively at low-income households. These were selected from a central applicant waiting list. The programme was known as the 'Private, Non-profit Programme' (PSBL-P). However, it was concluded that the format did not work well with the cooperative mechanism

since it is very similar to social housing and leaves little room for autonomous management by the cooperative. It also meant there was no relationship between rent price and member participation (AGRTQ et al. 2002: 20). As a result, the AccèsLogis programme requires cooperatives to autonomously select members and create a mix of households with different income levels.

Selection criteria and procedure

Cooperatives have ample freedom to define their criteria and procedure for selecting future members. There exist some noteworthy differences as to whether the person or household selected will be entitled to rental assistance or not.

In the case of housing without rental assistance, the selection is made based on criteria established by the cooperative, which may resort to external experts for assistance in defining them.

Generally speaking, cooperatives funded by the AccèsLogis programme are required to establish selection criteria that favours low- and middle-income households (SHQ 2003). The cooperative as a whole meets this condition through the percentage of housing it reserves for low-income households.

While the cooperative must also ensure that residents of housing without rental assistance have sufficient income to cover rent, income level is usually not one of the main selection criteria. Nonetheless, there exists empirical evidence confirming that rental cooperatives meet the goal of offering housing to low-income households even in the



case of housing without rental assistance. According to data published by the CQHC, in 2011, the average income of households residing in rental cooperatives represented around 45% of the average income of all households in Quebec. More than 90% of cooperative households had an income below the average income of all households (CQCH 2012a: 15).

In the case of housing that does grant residents the right to rental assistance, cooperatives must establish selection criteria that comply with the ‘Regulations on low-rent housing allocation’¹ and receives an ‘Approval Certificate’ from the SHQ (SHQ 2012).

These regulations set forth the selection criteria for all social and affordable housing that receives public funding and also includes several specific conditions for cooperatives, while still granting them ample room to define their own selection criteria. Specifically:

- > In the case of cooperatives, in addition to the general admission conditions established in the regulations, applicants must meet the specific admission conditions laid out in the cooperative’s regulations (Article 14 of the regulations).
- > Moreover, while Article 27 of the regulations establishes classification and scoring criteria, Article 28 authorizes cooperatives the right to establish different classification and scoring criteria.

In any case, internal requests from members who wish to change housing units are given priority and are evaluated before external applicants who wish to join.

One fundamental aspect for cooperatives is that new members make a smooth integration into the existing community and participate actively in it. These aspects, which are difficult to assess through procedures and objective indicators, are evaluated in an interview that usually has significant weight in the selection process.¹²

In practice, most cooperatives ask housing applicants to submit a cover letter. According to the Federation of Housing Cooperatives of Montreal (FECHIMM), this letter must indicate:¹³

- > Household composition and desired size of the housing unit.
- > Household income.
- > Reasons for wanting to live in a cooperative.
- > Relevant work and volunteer experience.

Cooperatives also often ask applicants to complete a brief questionnaire.¹⁴

When a housing unit becomes available, eligible candidates are selected first based on household composition, specific

¹¹ «Règlement sur l’attribution des logements à loyer modique», RLRQ c S-8, r. 1 §, accessed 4 June 2019, legisquebec.gouv.qc.ca/fr/ShowDoc/cr/S-8,%20r.%201.

¹² In its 2017 recommendations on cooperative member selection policy, the Quebec Confederation of Housing Cooperatives (CQHG) suggests giving a weight of 10 points to questionnaire responses and 45 points to the interview evaluation: www.cooperativehabitation.coop/wp-content/uploads/2017/03/Proposition-CQCH-dun-cadre-r%C3%A9glementaire.pdf.

¹³ See fechimm.coop/fr/candidature-cooperative [accessed 4 June 2019].

¹⁴ For example, the Coopérative d’habitation du Châtelet questionnaire: coopchatelet.org/images/Demande2011.pdf [accessed 4 June 2019].

needs (accessibility, etc.), and income if the unit in question is subject to rental assistance.

Eligible candidates are selected based on their presentation letter and completed questionnaire, where applicable, and are asked to grant an interview with the selection committee.

In the interview, the committee attempts to assess whether or not the candidate will integrate smoothly into the cooperative and participate actively. According to the CQCH, the following criteria should be assessed to evaluate such aspects:¹⁵

- > Candidate's knowledge about cooperative housing and the lifestyle it entails.
- > Community spirit.
- > A true desire to be involved in cooperative tasks and activities.
- > Specific skills that may be useful to the cooperative.

It must also be evaluated whether or not the person will be able to pay rent, especially in households that are not entitled to rental assistance. This can be evaluated during the interview or through regular procedures used on the private rental market, such as credit rating and record of debt.

Some cooperatives only offer housing to certain groups or professions. In such cases, belonging to such groups or professions forms part of the admission criteria. There may also be specific selection criteria. For example, the rental cooperative Lezarts only accepts professional plastic artists, and the first phase of the selection process consists of evaluating the candidate's artistic capacity.¹⁶

Large cooperatives may have several selection committees, such as one for each building in the cooperative.¹⁷

Once selected, many cooperatives require that new members first complete a trial period. Cooperatives are legally authorized to include a trial period lasting up to six months in their regulations. During this period the individuals will be considered 'auxiliary members'.¹⁸

There is currently large demand for cooperative housing due to high rent prices in the private market.

Subsidies to maintain affordability

The AccèsLogis Québec programme prioritizes operating subsidies. The initially high cost of providing the entire subsidy for the production phase borne by the administration is later compensated by the low cost of the operating phase (AGRTQ et al. 2002: 14).

However, cooperatives may access other types of subsidies that help them maintain affordability over time: rental assistance for low-income households and different rehabilitation subsidy programmes.

¹⁵ www.cooperativehabitation.coop/cooperative-dhabitation/devenir-membre/ [accessed 4 June 2019].

¹⁶ See the selection procedure of the Lezarts rental cooperative: docs.wixstatic.com/ugd/af3423_177af21ff8bc4527b0c2405f16093159.pdf [accessed 6 June 2019].

¹⁷ For example, see the Member Selection Policy of the Coopérative d'habitation des Cantons de l'Est: www.chce.coop/documents/475-politique-de-selection-1.pdf [accessed 6 June 2019].

¹⁸ Cooperatives Act, art. 221.2.



Subsidies for monthly expenses

Between 20% and 50% of cooperative housing subsidized by AccèsLogis must be reserved for homes eligible for the Rental Assistance Programme,¹⁹ that is, for homes with an income below the income limit established by said programme. Such households are entitled to rental assistance from SHQ, which covers the portion of the rent that exceeds 25% of income.

The percentage of homes entitled to rental assistance can occasionally exceed 50% or fall below 20%. In such cases, the cooperative must work to get this percentage back within the established limits when another housing unit becomes available.

Should a cooperative face significant financial hardship due to the vacancy of numerous housing units, the percentage of homes subject to the rental assistance programme may be temporarily increased to 100% to facilitate occupancy. However, as soon as the cooperative's financial viability is stable enough, the number of households entitled to rental assistance will be gradually reduced to 50% as they become available.

Rental assistance is not a measure exclusively for housing cooperatives. It is also offered in housing taken from the private market for affordable housing. However, the rent paid to owners of private housing is usually higher than the rent paid in cooperatives. Providing affordable housing through rental assistance is much more cost-effective in cooperatives for the administration. The CQHG has estimated that the savings generated for the Quebec

government in 2007 thanks to cooperatives surpassed \$15 million, or some €10 million (CQCH 2012b).

Subsidies for building rehabilitation

There exist different subsidy programmes for building rehabilitation, some specifically for housing cooperatives and housing managed by non-profit organizations, and others that are not aimed at any type of property in particular. Programmes aimed at cooperatives and non-profit organizations may be limited to housing created through specific funding programmes that respond to the specific needs of these types of homes.

The following are examples of rehabilitation programmes:

- > Federal government, National Housing Strategy, managed by CMHC (Canadian Mortgage and Housing Corporation):
 - > Subsidies for the maintenance of cooperative and affordable housing. Funds activities such as building inspection reports and operational viability analysis.²⁰
 - > National Housing Co-Investment Fund, a stream of funding for renovation and rehabilitation. Loans and subsidies for the renovation and rehabilitation of affordable housing, including housing cooperatives, funded in partnership with other levels of government.²¹ This new fund also offers a stream of funding for construction, which means the federal government

¹⁹ Programme supplément au loyer (PSL): www.habitation.gouv.qc.ca/espacepartenaires/municipalites/acceslogis_quebec/programmes/acceslogis_quebec/participation_financiere_de_base/programme_supplement_au_loyer_psl.html [accessed 5 June 2019]

²⁰ See www.cmhc-schl.gc.ca/en/developing-and-renovating/funding-opportunities/preservation-funding.

- is once again offering funding for the production of rental cooperatives after having stopped in 1993.
- > Quebec Government, Community Housing Renovation Fund (Fonds ARHC). Loans for rehabilitating cooperative housing and housing managed by non-profit organizations.²²
 - > Municipality of Montreal, Rehabilitation programmes.²³ This programme is aimed at improving the condition of the housing stock through two types of aid: occasional reforms and comprehensive rehabilitation. The programme is aimed at any home that meets the conditions, regardless of property type, but offers more favourable conditions for cooperative housing and housing managed by non-profit organizations.

Sustainable management

Another aspect involved in maintaining the affordability of cooperative housing is sustainable management. The operating agreements signed by cooperatives with the SHQ set obligations for cooperatives regarding sustainable management. Moreover, Article 221.2.3 of the Quebec Cooperatives Act, in force since 2015, introduces sustainable management requirements for all cooperatives that have received public funding at any point in time. Specifically, it requires the constitution of sufficient guarantee, technical inspection of the building every five years, a five-year plan for building maintenance, and a section on maintenance status in the cooperative's annual report.

Likewise, in promoting sustainable management, new cooperatives may be obliged to become members of their

regional federation of rental cooperatives for the first five years.

Maintenance of the model over time

4.1 Regulations on housing equity and the commodification of dwellings

In its more than 40 years of history, the Quebec model of cooperatives has demonstrated its capacity to generate housing that is affordable over the long term. In fact, not only do most of the cooperatives created still exist – even the oldest ones –, but they are the ones that offer the lowest rents, generally speaking.

On the other hand, the continuity of cooperatives as an asset is explicitly guaranteed in legislation. The Quebec Cooperatives Act²⁴ includes several asset protection measures for housing cooperatives if the building was built, purchased, rehabilitated or renovated using public aid, which, in practice, encompasses almost all housing cooperatives in Quebec.

Should a cooperative liquidate its assets, its housing shall remain cooperative housing. In fact, the balance of assets must be transferred to another housing cooperative, a

²¹ See www.cmhc-schl.gc.ca/en/nhs/co-investment-fund---housing-repair-and-renewal-stream.

²² See fondsarhc.quebec/.

²³ See ville.montreal.qc.ca/portal/page?_pageid=9337%2C115617623&_dad=portal&_schema=PORTAL.

²⁴ Cooperatives Act.



federation of housing cooperatives, a confederation of housing cooperative federations or the Quebec Council of Cooperation and Mutuality (CQCM). The cooperative members shall hold a meeting to select one of these options (Article 221.2.10, Cooperatives Act).

The alienation, cessation or modification of use of the cooperative's property must be previously authorized by the Ministry (notwithstanding certain exceptions set forth in the law, such as foreclosure) (Article 221.2.5).

When the ministry receives a request for authorization, it must inform the housing cooperative confederation, as well as the regional federation of cooperatives, where applicable, and take into account any observations they submit (Article 221.2.6).

Generally speaking, the cooperative must maintain the social or community function of the property (Article 221.2.4). Any act done in contravention of these articles is absolutely null (221.2.8).

The absence of any individual accumulation of equity inherent to housing cooperatives in Quebec eliminates financial barriers that could prohibit access to the cooperatives by people without savings. It also prevents any commercial value of the cooperative from ending up in private hands, thus limiting the de facto property value of the cooperative to its usage value only. Cooperative members are not owners, either individually or collectively, of the cooperative's property assets.

The fact that cooperative members do not contribute equity to the cooperative either as an initial deposit or as any other form of investment clearly limits the possibility of commodifying the cooperative. This is considered an important issue in Quebec. In fact, disagreement about the obligatory maintenance of the principle of no individual equity was one of the main reasons for the 2014 exit of the largest federation of cooperatives, the FECHIMM, which was in favour of maintaining this principle, from the Cooperative Housing Federation of Quebec, which is in favour of introducing the possibility of individual equity (Zabihyan 2017, Frenette et al. 2004: 205, Frenette et al. 2014).

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Nutclough Housing Co-operative, Radical Routes member
(Hebden Bridge, United Kingdom).
Source: Betty Longbottom (Wikimedia Commons)

United Kingdom

Mara Ferreri

Introduction and context

The United Kingdom has a long and diverse history of different models for the relationship between public administrations and cooperative housing, as well as policy programmes to support and promote community-led housing solutions. Cooperative housing has existed in the UK since 1867. Today, there are around 1,000 organizations that provide community-led affordable or social housing in the UK, sometimes known as ‘mutual housing’. Half of these are ownership housing co-operatives (Gulliver et al. 2013). Overall, they own or manage over 120,000 units, which amounts to less than 1% of the total housing stock. Around 240 of these organizations are housing cooperatives operating a total of 34,700 dwellings (BSF- World Habitat 2016); the majority, however, are very small, with a median of about 20 dwellings. Housing cooperatives are defined as housing organizations where members (residents) democratically control and manage their homes. Some housing cooperatives own their properties collectively, while others collectively manage properties owned by the public sector or by housing associations (tenant management coops). Legally, organizations are incorporated under the Co-operative and Community Benefit Societies Act 2014 (formerly, the Industrial and Provident Societies

Act 1965). This contains statutory protection of the cooperative principles and requires co-ops to comply with the seven internationally adopted co-op principles.

In the early 1970s, the central government began providing support and grants to set up thirdsector housing organizations, such as housing associations and cooperatives, for rentals for low-income people. In 1976, the central government also set up the Co-operative Housing Agency (1976-1980). About half of all existing housing cooperatives were established between 1977 and 1987, many of which were tenant management cooperatives. In the late 1980s, mass stock transfer of public housing for rental (at low or no cost) was the basis for a further impulse towards forms of tenant management of social housing through cooperatives and housing associations (Forrest et al. 1988). With devolved administrative powers since 1998, many legal frameworks and public policy interventions differ depending on national boundaries: England, Wales, Scotland (SS n.d.) and Northern Ireland.

Since the 2000s, there has been resurgent interest in community-led housing and experimentation with new models,

including Mutual Home Ownership Societies (MHOS) and Community Land Trusts (Fitzpatrick 2018), particularly in England, where they were favoured by national legislation such as the Housing and Regeneration Act (2008) and the Localism Act (2011). In the last decade, student organizations have been an important new actor in the creation of housing cooperatives in Sheffield, Birmingham and Edinburgh, where the UK's largest fully owned and self-managed student housing cooperative is located.¹

In 2016, an annual fund of £60 million was established to support community-led housing groups across the UK. This is the single largest funding programme in the sector since the 1970s and is leading to an important new wave of cooperative housing construction.

Today, it could be said that there are broadly five main types of housing cooperatives:²

- > Fully mutual associations (most of which are called cooperative housing associations), which fall into two types:
 - > Par value cooperatives
 - > Co-ownership housing associations (set up with government assistance)
- > Short-life housing cooperatives (subject to the same rules as fully mutual associations)
- > Tenant management housing cooperatives
- > Tenant management organization in formerly public properties transferred to non-governmental housing organizations, since 1988 (Stock Transfer Housing Co-operatives and Community Gateway [England] and Community Mutual [Wales] Housing Associations)
- > Self-build housing cooperatives (few)

Fully mutual associations require all tenants to be members of the common ownership co-op. In fully mutual par value cooperatives (like those promoted by the network Radical Routes: Radical Routes 2004), everyone owns an equal value share in the co-op, usually a nominal £1.

Cooperative housing production

Access to land and buildings

The construction of cooperative housing has usually remained at the margins of public housing construction programmes, but several existing housing cooperatives have benefitted from the short-term or permanent stock transfer of public housing. Sometimes the transfer was done at no cost (in exchange for repairs) and the housing association or housing cooperative received a grant. In the late 1960s, municipal governments and other public institutions started leasing vacant residential buildings, often after they became squatted, to mutual housing cooperatives known as 'short-life cooperatives'. By the mid-1980s, it was estimated that several hundred short-life cooperatives existed, managing over 15,000 dwellings (Bowman 2004). A number of them later become tenant managed cooperatives in properties owned by third-sector organizations.

The 1988 Housing Act introduced the possibility of stock transfer of council housing rented to low-income families to

¹ See edinburghcoop.wordpress.com/the-co-op/.

² There is little agreement on categorization, even within the sector. See www.cds.coop/community-led-housing/ and www.housinginternational.coop/co-ops/united-kingdom/



registered non-governmental housing associations in order to improve conditions and governance. The introduction in 1994 of the Right to Manage led to the creation of tenant management organizations (TMO) to manage public and third-sector housing for social rent. To date, around 170 organizations are managing over 62,000 units. Some stock transfer was approached through the Community Gateway Model developed by the cooperative housing movement and Cooperative Development Society (CDS) and is locally controlled by the residents who have the right to become members by paying a nominal £1 for a non-equity voting membership share (Rowe 2003). There are four Community Gateway Associations in England, managing over 24,000 social housing units. TMO are considered both a type of housing cooperative and mutual housing, even if they are under public or third-sector ownership.

The Housing and Planning Act 2016 introduced the Right to Build, or the right for individuals and groups to self-build housing, which was to be administered at the municipal level (local authorities). Local authorities have a legal duty to keep a Right to Build register of people and groups wishing to build their own homes; this includes any community-led housing organizations considering new development. In 2013, the Cooperative Councils' Innovation Network was created to bring together cooperative groups and municipalities who have pledged to support cooperative principles in their housing duties by providing property or land, changing local urban plans and offering resources, including local government officers to support and develop partnerships.³ Among the 22 cities participating today are Bristol, Glasgow, Leeds, Liverpool

and the London Borough of Lewisham. Liverpool, Leeds, Hull and Middlesbrough have been at the forefront, transferring empty properties for nil or nominal prices, usually working on long leaseholds and peppercorn rents rather than transferring freehold. In 2015, for example, the association Latch Leeds offered 99-year leases on housing units for a monthly rent of £1⁴. In London, part of the work of the Community-led Housing Hub, established in 2018 by the mayor of London, has been to support the construction of new housing on plots of land that are too small to develop commercially (ML 2019, CLHL n.d.). This includes small plots of land belonging to Transport for London, which is in part publicly owned.

Access to financing

The 1964 Housing Act established the Housing Corporation to provide loan capital for part of the cost of new cooperative schemes, housing and loan guarantees to encourage building societies (a type of financial institution) to provide market finance. The 1974 Housing Act made capital grants available for non-profit housing schemes, such as housing associations and smaller housing cooperatives. The 1975 Housing Rents and Subsidies Act allowed co-ops to become registered housing associations and access grants that could cover up to 90% of the cost of a scheme. Cooperative co-owners have also benefited from central government mortgage tax relief since the

³ CCIN (The Co-operative Councils' Innovation Network) (2017) *Community-Led Housing: a Key Role for Local Authorities*: www.councils.coop/wp-content/uploads/2018/01/Community_Led_housing_Report_2017_web_version.pdf.

⁴ See www.latch.org.uk/.

1970s. Most fully mutual ownership housing cooperatives were developed in the 1960s, 70s and 80s with government assistance in the form of capital grants to make rents more affordable. In 2016, there were 243 of these housing cooperatives registered with and regulated by the Homes and Communities Agency, which regulates all affordable housing providers in the UK. Par value cooperatives with Radical Routes (around 25) were set up completely independently from public funding and continue to operate independently. New models emerged in the 1990s, such as the public revolving loan funding or a housing association's loan facilities.

In 2012, the Welsh government established a new policy framework and dedicated a percentage of public housing funding to new build cooperatives: four projects have been completed and three are near completion, among a total of 25 new schemes at different stages of development (WCC 2015). In 2017, the UK central government launched the Community Housing Fund with a £60 million annual budget, the largest public funding programme for community-led housing (including cooperatives) since the 1970s. In England, the Fund is split between the Community-Led Homes Start-Up Support programme, which offers grants of up to £10,000 to start up a project, and the Community Housing programme, which consists of two phases, each of which is allocated £163 million. The first phase covers the costs of community capacity building and professional costs, including feasibility studies, design work, application for construction licenses and business planning, among other things. The second phase covers the costs of building new homes and converting/refurbishing existing properties.

In London, in 2019, Mayor Sadiq Khan launched an enhanced fund to support the work of the London Community-led Housing Hub: the London Community Housing Fund (2019-2023), with total allocated funding of £38 million as revenue and capital for community-led affordable housing developments.

Direct and indirect subsidies

According to the Cooperative and Community Benefit Societies Act 2014, registered societies such as housing associations are companies for tax purposes and are liable to corporation taxes as regards their profits. Fully mutual housing cooperatives (FMHC), however, are exempt from this because fully mutual trading is not taxable.

As part of the 2017 Community Housing Fund, the UK Central Government has created the Becoming a Registered Provider/Investment Partner Programme (England), which offers grants of up to £10,000 for community-led organizations to become a Registered Provider (RP) with the Regulator of Social Housing and/or an Investment Partner (IP) with Homes England (CLH n.d.).

Technical support

In the 1970s and 80s, there were national grant programmes for cooperative education and training for small and large organizations. The Cooperative Housing Agency (1976-1980) had an education officer and provided education and technical advice. A grant from the Housing Corporation in 1976, for instance, helped set up a small Council of Co-ownership Housing Societies, which promoted cooperation between co-ops and regularly published a



magazine (1976-1983) (Brichall 1991). In 2017, as part of the UK Central Government Community Housing Fund, ad-hoc regional community-led housing hubs have been set up to provide advice, support and grants to community groups (CHF 2018). The Community-Led Housing Hubs work in collaboration with the Cooperative Development Society (CDS), an organization founded in the 1960s under the name Society for Cooperative Dwelling, which provides services and advice to housing cooperatives and other organizations.

A London-specific hub, known as the London Community-led Housing Hub, was established in 2018. It is a resource and advice office supported by the Mayor of London (ML 2019). It provides funding (especially to cover feasibility studies) and advice to set up community-led housing (including cooperatives), working with boroughs, developers, housing associations, and funders. It is hosted by CDS, the Cooperative Development Society, and the advisory group includes the National CLT Network, the Confederation of Cooperative Housing, and UK Cohousing.

Access and management

Regulations on access to the cooperative housing stock

In Scotland, England and Wales, the majority of cooperative housing belongs to the social housing sector. Individuals and households who are eligible for public social rented housing can apply to a housing co-op through the local municipal (council) waiting list and be nominated for vacancies. Alternatively, individuals and households can also apply directly to a housing cooperative. Members of

the co-ops appoint a committee and consider applicants according to housing need and the social focus of the cooperative. Different types of housing co-operatives that received public funding at some point in their history have to consider candidates from the social housing waiting list. In the case of the Community Gateway Model for stock transfer cooperatives, at least 50% of vacant units must be filled by people from municipal waiting lists (Rowe 2003). Some cooperative housing organizations use a dual list, alternating between candidates from the local waiting list and those applying directly.

Subsidies to maintain affordability

The UK has an extensive programme of social benefits to assist low-income individuals and households pay for rented housing costs (housing benefit allowances) both in private, public and third-sector housing. Eligibility criteria vary depending on the devolved national administration. In England and Wales, tenants of par value housing cooperatives, short-life cooperatives and tenant management organizations are entitled to claim housing benefits to cover rent payments. The only exception is tenants of co-ownership housing associations, who were historically not included in the Rent Act of 1977 and are therefore not entitled to housing benefits (SE n.d.).

Concerning refurbishment, the 1974 Housing Act enabled small cooperative housing associations and short-life housing cooperatives to apply for mini housing associations grants, or mini-HAGs, which supported major refurbishment and renovation of existing vacant properties until 1982. In England, various funding programmes are

available for refurbishment by Registered Providers, which could include cooperatives in stock transfer properties.

Recently, funding was available for community-led solutions (non-profit organizations, voluntary organizations and small scale registered housing providers) through self-help programs to refurbish existing vacant housing. Through the Empty Homes Community Grants Programme (EHCGP), £50 million in public funding have been invested by over 100 grassroots organizations between 2012 and 2015 to bring 1,299 homes (with 3,048 living units) back into use (Mullins 2018). The 2017 Community Housing Fund offers grants for community groups to purchase properties and refurbish them.

Maintenance of the model over time

Regulations on housing equity and the commodification of dwellings

The lack of regulations on housing equity meant that the Right to Buy, introduced across the UK with the Housing Act 1980, enabled members of co-ownership housing cooperatives to buy their homes individually. By the early 1990s, most co-ownership societies went into liquidation (Birchall 1991). However, the Right to Buy did not apply to tenants in tenant management cooperatives or to fully mutual housing cooperatives.

In par value housing cooperatives, such as those promoted by Radical Routes, the ownership of houses and land cannot be divided among individual members. The property remains in common ownership from generation to generation, and if the cooperative is dissolved its assets

must be passed to another cooperative or a non-profit organization with similar aims and principles.



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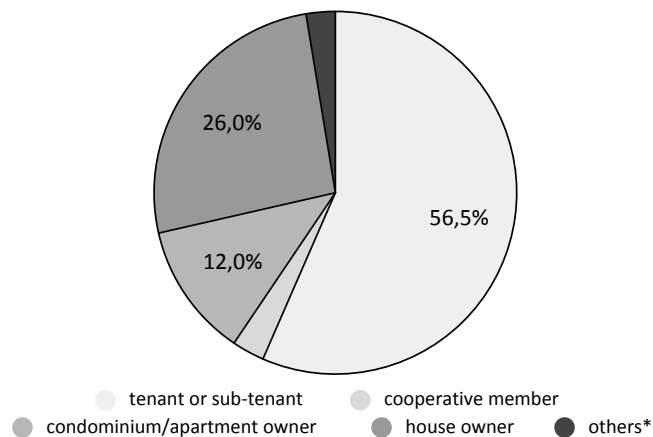
Kalkbreite (Zurich).
Source: semjon_13 (Flickr)

Switzerland

Claudia Thiesen

Introduction and context

Compared to European standards, the percentage of privately-owned housing in Switzerland is low: just 38% of residents are house or condominium owners and 3% are members of a cooperative. The Swiss are a nation of tenants.



Tenure of occupied dwellings, 2017

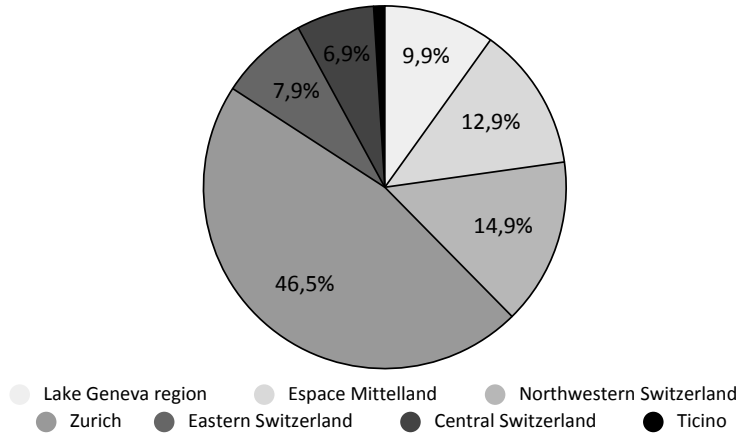
* Dwelling provided free of charge by relative or employer, employee accommodation.
Source: FSO

Switzerland has no relevant public-housing construction activity either at the national or local level. There is no tradition of large numbers of municipal housing associations. So, speaking about affordable housing means speaking about the so-called *gemeinnütziger Wohnungsbau*, or the non-profit housing sector, in which housing cooperatives and, to a lesser extent, housing foundations and municipalities act.

Non-profit housing in Switzerland only represents about 5% of the market share, as estimated by the co-ops umbrella organization Wohnbaugenossenschaften Schweiz (Wbg-Schweiz). This rate varies across the cantons (from 0.5% to 11.3%) and, of course, even more so across cities and rural regions. There are about 2,100 housing cooperatives of public interest with an estimated 190,000 housing units in Switzerland. On average, the cooperatives are rather small and only own about 80 flats. In the countryside, there are many small cooperatives, whereas in the cities, there are older, larger ones. The region of Zurich has the most cooperative-owned apartments, by far.

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Cooperative housing by major regions (%)

When considering the housing supply, it is common to speak of non-profit housing cooperatives. While there is no actual legal definition of non-profit status, for statutory purposes the term generally refers to a cost rental model – in which the price of rent is used to cover costs – and the elimination of speculation. According to the 2003 Federal Housing Subsidy Law (Verordnung zum eidgenössischen Wohnraumförderungsgesetz), nonprofit organizations that wish to access to non-profit financial instruments must meet the demand for housing with long-term sustainable financial conditions. On that basis, the Federal Housing Office stipulates the following: non-profit developers may not pay royalties, the distribution of dividends must be limited, and any liquidation surplus must be used for cooperative purposes.

In addition to meaning ‘non-profit’, the term *gemeinnützig* also refers to the notions of ‘common-good’ and ‘social

values’. In contrast, because cooperatives respond to their members’ demands, the needs of society are often secondary or voluntary, depending on the organization’s statutes, selfimage and focus. However, cooperatives are generally open to everyone and provide affordable housing to the public. Their members share responsibility not only for their own apartments but also for the housing community and the entire cooperative. Moreover, cooperatives often include non-economic aspects and services, such as common spaces, charity funds, neighbourhood infrastructure, activities, co-determination, and social help and support.

The success of Swiss housing cooperatives is based on a long tradition. The first housing co-ops were founded during the process of industrialization between 1860 and 1910 in the cities of Basel, Bern, Biel, Zurich, Winterthur and St. Gallen due to unbearable living conditions. The housing shortage after World War I led to the first peak of housing cooperatives as cities, cantons and the confederation actively supported housing. In July 1919, the Federal Assembly approved subsidies for the first time to boost housing production. The city of Zurich, for example, ruled on guidelines to promote cooperative housing construction in 1924, thus laying strong foundations.

That same year, the Zurich parliament defined support instruments as low-cost land and building leases, municipal shares in housing cooperatives and residual loans with favourable conditions. Since 1931, housing subsidies are anchored in the law. The breeding ground for this policy was a combination of the great burden that cities



– especially Zurich – were suffering due to oppressive housing shortages and their strong, social, democratic electorate. At that time, non-profit cooperative housing became a widespread public concern, even for the conservative and bourgeois parties. The biggest boom began at the end of the World War II. The federal and cantonal authorities had learned from the hardship of 1918 and provided subsidies and cement quotas so the population could build housing. Since 1965, support for non-profit housing has been implemented through federal law still valid today, with some adaptations. However, since the late 1990s, the number of subsidized apartments has declined sharply due to liberal forces and cost-cutting measures. In 2011, a communal referendum anchored a basic article on housing policy to municipal constitutions. It calls for maintaining low-cost housing and commercial premises and increasing the supply thereof. By 2050, the share of non-profit apartments is to have moved from 25% to 33%. However, considering the large amount of construction activity in the private sector and incredibly high property prices that make it nearly impossible for cooperatives to buy land, it is not clear how or if this goal will be achieved.

Cooperative housing production

Access to land and buildings

There exists no standardized national model for the distribution or use of public land. Some municipalities, especially small ones, still sell their land to the highest bidder; others, such as the cities of Zurich, do not sell large areas. Many cities lease land to foundations or co-ops with non-profit status.

The legal basis for leasing land in Switzerland is set out in articles 675 and 779-779l of the Swiss Civil Code of December 1907 (Schweizerisches Zivilgesetzbuch; SR 210), which was later amended in 1965 (BG 19. March 1965; AS 1965 445; BBl 1963 I 969). Nevertheless, only 5% of all real estate property in Switzerland is based on land lease.

The city of Zurich did not build for many years, although this has recently changed. Currently, the City Council promotes housing through city-owned foundations that provide housing to specific target groups, such as the elderly (Stiftung Alterswohnungen), families with more than three children (Stiftung für Kinderreiche Familien), young people (Stiftung Einfach Wohnen) and homeless people or foundations working towards specific objectives, such as maintaining the affordability of housing and local businesses (Stiftung zur Erhaltung von preisgünstigen Wohn- und Gewerberäumen).

The conditions for leasing land vary across the country. In Zurich, they were established long ago: public land is leased only to non-profit foundations or co-ops for 60 to 100 years maximum. Leaseholders pay annual rent for the right to build. This rent is calculated based on a lower theoretical land value than market value. This amount is proportional to total construction costs and varies from 16 to 20%. The annual rent is indexed and adjusted every five years based on the nationwide standard mortgage interest rate and the Switzerland consumer price index. At the end of the land lease, the buildings are given back and the landowner pays a sum of compensation for the return. This policy was implemented in Zurich in the 1960s (in the so-called

Richtlinie 65). At the end of 2018, the city of Zurich had 109 land leases underway. Taking into account projects under construction, a total of 5,300 apartments have been built on municipal land thus far. Moreover, there are 1,000 rooms for students and older people.

Numerous conditions, property restrictions and additional agreements are established in the contract. Besides a non-profit regulation, contracts stipulate conditions for minimum occupancy, artsponsorship, energy standards, ground floor and public use, and the implementation of an architectural competition. Often, a percentage for subsidized housing (20-30%) is included in the contract and 1% of the space must be devoted to free communal use.

In Zurich, the land is leased through tender calls organized by the umbrella organization (Wbg-Schweiz). The final decision is taken by the municipality. In other cities, such as Bern, the administration and competent department also organize the process. For a few years now, co-ops in Zurich have had to apply through an extensive process, demonstrating that they will fulfil the conditions and be able to finance the project. They are sometimes obliged to work with one of the communal housing foundations. This puts co-ops in competition with one another.¹

Access to financing

Co-ops must finance their projects mainly through the market. The level of self-financing, or the so-called *Anteilkapital* (members' share capital), must reach at least 6%. Some banks have worked with housing cooperatives for many years and trust the financing model. Therefore,

up to 75% of funding often comes from bank mortgages. In Zurich, city employees invest up to 94% of their pension fund in second mortgages. Zurich also provides 10% of stock capital and chooses one member (a city delegate) for the cooperative boards.

Direct subsidies

From 1975 to 2001, the federal government promoted housing construction and the acquisition of property based on the Housing Construction and Property Promotion Act (WEG). Since 2003, federal aid has been granted under the Housing Promotion Act (WFG).²

In February 2007, the Swiss Federal Council decided to no longer grant direct loans. At the moment, funding is limited to indirect aid for housing cooperatives and other non-profit housing developers in the form of guaranteed bonds, a fund for low-interest loans held in a trust by the co-op umbrella organizations, or counter guarantees.

Indirect subsidies

Non-profit housing cooperatives are not exempt from taxation.

Technical support

The Zurich section of the co-ops umbrella organization Wbg-Schweiz³ supports its members through public

¹ See www.stadt-zuerich.ch/fd/de/index/wohnen-und-gewerbe/baurecht.html.

² See www.admin.ch/opc/de/classified-compilation/20010522/index.html.

³ See www.wbg-zh.ch.



relations and political lobbying. It also tries to find land for non-profit housing by acquiring real estate. The co-ops themselves are organized differently; some, especially the large, young ones, are quite professional, while others are completely self-managed by the members on a low professional level.

There is no public or subsidized institution that supports new co-ops. Co-ops are organized under an umbrella organization, the Wohnbaugenossenschaften Schweiz. The organization is divided into regional sections. More than 1,100 housing cooperatives and other non-profit housing developers with a total of just over 150,000 apartments are members of the association.

Access and management

Regulations on access to the cooperative housing stock

Many co-ops aim for a wide social mix in their projects. Therefore, they work together with organizations that offer sheltered housing, working facilities for disabled people, help to refugees and children or assistance to people that have no chance in the housing market (often migrants or large families). This is a win-win situation: the organizations guarantee rent and pay shares and get affordable apartments that meet the needs of their clients, who live in mixed neighbourhoods.

A lot of co-ops have also established internal solidarity models that are widely accepted by members. These models often replace the official cantonal subsidizing of rents.

Subsidies to maintain affordability

Subsidized apartments are reserved for people with low income and no wealth. Co-ops often combine subsidized apartments with other kinds in a single project, applying the same standards to all the apartments.

The canton of Zurich practises object-financing (*Objektfinanzierung*), instead of subject-financing (*Subjektfinanzierung*). Interest-free or lowinterest loans are given to the co-op, thus reducing the rent of subsidized apartments (by about 25%).

To get these loans, the co-ops must fulfil numerous conditions: they have to build all apartments (even the non-subsidised ones) following a strict investment cost budget (which includes the land price); they must meet minimum sizes and build obstacle-free buildings; and the loans must be secured by mortgage bonds with the respective qualification.

Residents must meet subsidy conditions: they must have a very low income (as compared to the Swiss average) and no wealth. This is monitored annually by the municipality. If the conditions are no longer met, the co-op has to change the status of the apartment and subsidize another.

Since co-op administrative expenses are quite high, many co-ops only subsidize when they are forced to (for example, due to a land lease contract). The other difficulty is that the prerequisite for a cantonal loan is an equivalent municipal payment. However, depending on their government, some municipalities do not support subsidized housing.

In Switzerland, housing is primarily provided via the market. Regarding subsidized housing, there is no national standardized model. Moreover, cooperative housing is not the same as subsidized or social housing, though some projects include subsidized apartments.

There are subsidy programmes for people with low income, but cantons and municipalities are responsible for that. Thus, the programs vary widely. For example, in Zurich, only between 7,000 and 220,000 households are subsidized in total (balance at end 2016).

Maintenance of the model over time

Regulations on housing equity and the commodification of dwellings

All Zurich housing cooperatives are subject to municipal rent regulations, or the so-called cost rental model. This means that the rent must be exactly enough to cover the expenses of the cooperative. The cost rent is used to pay debt interest and administrative costs, ensure the maintenance and value preservation of the properties, and renew and update them. In the mid- to long-term, the cost rental model results in significantly lower rents than those for comparable properties on the housing market.

Co-ops also have to satisfy many other conditions concerning depreciation and amortization. To manage this, the city generally nominates one member from the co-op's managing board and reviews the annual accounts.⁴

Rent in non-profit housing construction

Calculation of the maximum annual rent

(‘General rule’, in accordance with the Municipal Rent Rule Art. 2ff.)

$$\text{Investment costs} \times \text{interest}^* = \text{capital costs}$$

*Federal Housing Office (BWO) reference rate

$$\text{Building value} \times \text{operating fee}^* = \text{operating costs}^{**}$$

*Defined in the Zurich rent regulations

(Mietzinsreglement) with a maximum of 3.25%

**Includes operating costs, amortization and a provision for future investments in the building

$$\text{Capital costs} + \text{operating costs} = \text{maximum rent}$$

Co-ops cannot sell or buy land or real estate without a vote from their members and, often, a 2/3 majority is needed. If a co-op breaks up, the municipality or the canton has a pre-emption right. The members cannot pull out more capital than their equity, and it must be used to fulfil the original purposes of the co-op (based on the Wohnraumförderungsverordnung of 26 November 2003). Therefore, the Swiss model for non-profit housing co-ops guarantees the long-term elimination of land and real estate speculation.

⁴ See www.stadt-zuerich.ch/portal/de/index/politik_u_recht/amtliche_sammlung/inhaltsverzeichnis/8/841/170/170-reglement-ueber-das-rechnungswesen-der-von-der-stadt-zuerich.html.



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COVIAM: Cooperativa de Vivienda Ana Monterroso. It was one of the first projects to reuse an old building of the center of Montevideo.
Source: Jerónimo Díaz (Flickr)

Introduction and context

Based on the most recent data available, in 2011, Uruguay had approximately 30,000 cooperative homes, representing 2.58% of the country's housing stock (INE 2011). Over recent years, however, the rate of formation of new cooperatives has picked up steam (MVOTMA, 2015). The country has two right-to-use housing cooperative models: the mutual-aid housing cooperative is the most widely spread model and is based on collective self-building. It does not require a significant amount of initial capital. Most cooperatives of this kind form part of the Uruguayan Federation of Mutual-Aid Housing Cooperatives (FUCVAM). The second model is known as the prior-savings housing cooperative. In this case, members are required to contribute initial capital representing 15% of the cost of the project and professional builders are hired. These cooperatives are grouped together in the Federation of Housing Cooperatives (FECOVH). The main differences between these two models are the initial capital required and the method of building.

User housing cooperativism began to spread in Uruguay following the approval of the National Housing Act (Act no. 13,728) Section 10 of this act defines and regulates the basic characteristics and main aspects of cooperatives. At the same, the act established a larger regulatory, financial and administrative framework that cooperatives are subject to as well. Today, it remains the legal basis for the entire housing sector despite subsequent amendments. Moreover, in 2008, the Cooperatives Act (Act no. 18,407 and 19,181) was approved. This piece of legislation sets forth the regulation, foundation, organization and operation of the different types of cooperatives in Uruguay, including housing cooperatives. Under this framework, housing cooperatives can access public loans through the Ministry of Housing and the National Housing Agency (ANV). They can also purchase public property and land available in the land portfolios, at the national and municipal levels. Moreover, members of cooperatives can also access subsidies for their monthly fees if they represent more than 25% of their household's liquid income. In return, the law

regulates the transfer of housing and prohibits the purchase and sale thereof at market prices.

The development of housing cooperativism has taken various twists and turns over the course of the country's history. The favourable legal and institutional framework set forth in the National Housing Act in 1968 enabled the sector to grow rapidly. However, this supportive structure was severely interrupted by the dictatorship that took hold of the country from 1973 to 1985. The later transition to a parliamentary democracy evolved under the framework of ongoing neoliberalism that stripped the law of the material resources needed to fully reactivate cooperativism. It wasn't until the 1990s, when the progressive party Frente Amplio won the elections first in Montevideo and then at the national level in the following decade, that institutions slowly began considering cooperativism once again. Thus, the creation of cooperatives came to its tipping point in the period just before the dictatorship and is today recovering its strength. Housing cooperatives are considered another pillar of the public housing system and receive state aid and resources because they make progress in the objectives of "social integration, solidarity, participant empowerment and a multi-disciplinary approach to the housing problem" (MVOTMA 2015: 22).

Cooperative housing production

Access to land and buildings

Cooperatives interested in purchasing public land and/or property can submit their proposal to regular calls held by the Ministry of Housing (MVOTMA n.d.). Among

the different types of housing developers that can apply for these calls, priority is given to cooperatives, which can obtain up to 50% of total allocations (Mendive 2013). Their proposals are evaluated by technicians from the National Housing Directorate. Allocation criteria are based on the cooperative's urban and architectural proposal as well as its dynamic and stability over time, which includes group heterogeneity, social and educational activity and the seniority of the project. A similar "portfolio" has been established at the municipal level, especially in the capital, Montevideo.

Access to financing

Since 1992, newly founded cooperatives are directly financed by the Ministry of Housing and, since 2007, they are managed by the recently created National Housing Agency (ANV 2019). Once cooperatives have been allocated land or property and their project has been approved, they can access financing by participating in the lotteries organized by the Ministry of Housing twice yearly. If a cooperative applies for the lottery for the third time, it is automatically allocated a loan.

These loans cover 85% of the total cost of the cooperative project. The cooperative can cover the remaining 15% of capital through cash contributions or, alternatively, by supplying 21 hours of work per week during the construction phase of the buildings.

Direct subsidies

Direct subsidies for cooperatives are included in access to public land and property at prices lower than market



value and, varyingly, in relatively favourable conditions of mortgages granted.

Indirect subsidies

Moreover, as regards indirect subsidies, user cooperatives are exempt from all real estate taxes.¹

Technical support

The law governs the so-called Technical Assistance Institutes (IAT), which are multidisciplinary non-profit teams. Groups that opt for public land and loans are obligated to hire support of this kind, but the cost of their services cannot exceed 5% of the total cost of the project.²

Access and management

Subsidies to maintain affordability

The National Housing Agency provides individual subsidies for monthly mortgage payments. This subsidy is understood to be a guarantee of residents' right to remain. If the monthly fee represents more than 25% of a household's liquid income, it may request a subsidy to cover the difference between the total fee and 25% of its income. If the household's total income falls under the official definition of poverty or extreme poverty, this subsidy is increased until the fee represents 14% or 8% of total income, respectively (ANV 2012).

There is also a specific line of credit that finances 85% of the initial costs of entry of new members to already established cooperatives under conditions similar to those borne by the founding members.³

Maintenance of the model over time

Regulations on housing equity and the commodification of dwellings

Housing cooperatives are designed to be used by members as their main residence. Therefore, subleasing housing to third parties, for example, is prohibited by law and is sufficient grounds for expulsion from the cooperative.⁴

The transfer of housing use is linked to purchasing the so-called "social share" of a cooperative member. This social share includes the member's initial contribution and the fees they have paid for the mortgage loan, but does not include interests paid.⁵ Nor does it include the portion of the monthly fee that covers the cooperative's administration and maintenance expenses or other common expenses. In short, members only capitalize on the effort they have invested in housing production and not its patrimonial value on the market.

¹ Cooperative System Act, No. 18.407, Chap. 143. legislativo.parlamento.gub.uy/temporales/leytemp3155682.htm.

² National Housing Plan, No. 13.728, Chap. 174. legislativo.parlamento.gub.uy/temporales/leytemp3169923.htm.

³ DINAVI, Resolution A.D, No. 168/2017. www.mvotma.gub.uy/images/RMI_168-2017.pdf.

⁴ National Housing Plan, No. 13.728, Chap. 151. legislativo.parlamento.gub.uy/temporales/leytemp3169923.htm.

⁵ Foundation and functioning of cooperatives No. 19.181, Chap. 139. legislativo.parlamento.gub.uy/temporales/leytemp2487934.htm

As for the possibility of moving from a user cooperative to horizontal property, the law requires a special majority of 75% of votes in favour by the cooperative assembly.⁶

The regulations also establish where any remaining amount must end up should a cooperative go bankrupt. In such cases, once debts have been paid off and ‘social shares’ have been returned to members, any remaining amount is transferred to the National Institute for Cooperativism (INACOOP).⁷

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⁶ Foundation and functioning of cooperatives, No. 19.181, Chap. 33. legislativo.parlamento.gub.uy/temporales/leytemp2487934.htm

⁷ Cooperative System Act, No. 18.407, Chap. 97. legislativo.parlamento.gub.uy/temporales/leytemp2440491.htm.





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