



Articulating value in cooperative housing

International and methodological review

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Glossary

Cooperative typology

Housing cooperatives are often typified based on the equity model they utilise, and this seems to be the most widely used nomenclature in the Anglosphere. However, the equity arrangement is not the only variable by which they can be broken down into types. Future research into the sector in Australia could consider variables such as the built form of a housing cooperative, or its spatial configuration (i.e., a single apartment building, homes scattered through a suburb or region, etc.), as these factors may influence the outcomes the sector seeks to assess. This is discussed as part of the proposed methodology for future research in **Section 4**.

In addition, other cooperative forms can be identified within the global housing sector, such as those that provide housing finance and/or development services. These are included in this Glossary for information, but are not extensively reviewed in this study. Further terms that are used in this report are below.

Building cooperative

These cooperatives build homes and/or develop land on behalf of their members.

Equity cooperative

This report uses this as an umbrella term to refer collectively to both limited- and market-equity cooperatives.

Financial cooperative/Cooperative housing society

These cooperatives lend money to their members through a variety of means so that the member can build or buy a home. Australia had a thriving cooperative housing society sector until the mid-1990s.¹

Leasehold cooperative

These cooperatives rent the overall property from a third-party property owner, so residents have no equity in their shares. These are broadly analogous to Australia's rental cooperatives. In some jurisdictions, this term might refer to a cooperative that owns the building but rents the land from a third party.

Limited-equity cooperative

In these cooperatives, upfront share prices and subsequent increases in these are restricted by a legal mechanism. Some literature includes zero-equity cooperatives as a subsection of limited-equity cooperatives.² Zero-equity cooperatives are those in which no increase in share value is allowed; many of these effectively operate as rental housing as the resident pays a regular affordable fee to the cooperative.

¹ See Abbott & Doucouliagos (1999, 2001); Darnell (2005, 2006).

² For example, see: CECODHAS/ICA Housing (2012); Northcountry Cooperative Foundation (2004).

Davis separates zero-equity cooperatives from limited-equity cooperatives in his discussion of models of shared equity home ownership, but appears to be an exception in this.³

Market-equity cooperative

These are cooperatives in which shares trade at an open market rate. In such cooperatives, share prices are influenced by factors such as location, market familiarity, and the scale of the market.

Rental cooperative

This term is used in this report to refer to Australian housing cooperatives in which shares hold only a nominal value and residents rent their housing from their cooperative, regardless of the form of the cooperative's underlying title. The term is used separately to the term 'leasehold cooperative' as not all of Australia's rental cooperatives lease the property from a third party, although the majority do.

Other related terms

Community Development Financial Institutions (CDFIs)

CDFIs are “specialised organizations that provide financial services in low-income communities and to people who lack access to financing. CDFIs include regulated institutions such as community development banks and credit unions, and non-regulated institutions like loan and venture capital funds.”⁴

Community Land Trusts

Community land trusts are non-profit organisations that “acquire and manage land with the intention of holding it in trust and developing affordable housing and other community amenities”.⁵ This sector includes forms that are not legally constituted cooperatives, but may hold land on which there are homes that a cooperative has title to.

Intentional communities (ICs)

The Fellowship for Intentional Communities defines intentional communities as “[a] group of people who live together or share common facilities and who regularly associate with each other on the basis of explicit common values.”⁶ Some are established as cooperatives as the cooperative principles can align well with IC principles.

Mutual housing

In the UK, cooperatives are identified as part of the broader ‘mutual’ housing sector, which also includes mutual housing associations. Both are member-based organisations; the core difference is the organisation's specific governance arrangements.⁷ Sometimes in the UK the terms ‘mutual’ and ‘cooperative’ are used interchangeably, which can confuse discussion.

Baugruppen (Germany and under development in Australia)

³ Davis (2006).

⁴ Community Development Financial Institutions Fund (n.d.).

⁵ Moore & McKee (2012, p. 280).

⁶ Fellowship for Intentional Communities (n.d.b)

⁷ Lang & Mullins (2015); Bliss (2017).

A term used to identify and differentiate smaller self-organised cooperatives from the larger, more mainstream entities. Focuses on group self-build or group-based design processes that closely align housing design to clear community need and housing allocations to a pre-determined pool of residents (usually buyers).

Almenboliger (Denmark)

These ‘common dwellings’ (also called ‘common housing estates’) are roughly equivalent to a non-profit housing association, although the model of tenant democracy is considered unique in Europe. See **Section 6.6**.

Participatory housing approaches

Historically, this group of approaches has been considered as part of the self-organised housing type. However, this term is separated out here as ‘participatory’ approaches that are not strictly speaking self-organised are being adopted within broader housing systems and by a range of housing providers. These are evident particularly in policy responses to social and/or affordable housing shortages, and the changing nature of service provision in these contexts. As the literature identifies, there is much blurring of concepts, forms, and practices within this group of approaches. This is only just beginning to be teased out through research and requires further consideration in the Australian context. Internationally, the range of terms evident includes:

- **Community-led housing** (UK) – community-led housing designates housing initiatives where local people play a leading and lasting role in solving housing problems, creating genuinely affordable homes and strong communities. This can include building new homes, returning empty homes to use, and/or managing existing homes. The term has been adopted as an umbrella for the broad field of activity that includes housing cooperatives, community land trusts, tenant management organisations, co-housing, community self-build schemes, and self-help housing groups that renew empty homes. Typically: the community is integrally involved in key decisions even if they did not initiate or build the scheme; the community has a long term formal role in ownership, management or stewardship of the homes; and, benefits to the local area/specified community are defined and protected. A community-led housing scheme may involve a democratic member organisation with some level of control over the housing.
- **Cohousing** – often a subset of the broader category of intentional communities, this can be a ‘fuzzy’ term, both in practice and in research. However, there is evidence of similarity of ambitions within a defined type, including: collaboration on building and management; creation of practically useful social networks (especially in the case of seniors and young families) and non-anonymous neighbourhoods; a way to practice a ‘discourse of diversity, solidarity and inclusion’; access to non-speculative affordable housing; gaining energy efficiencies to reduce living costs; and, reduced ecological footprints more broadly.⁸

⁸ Tummers (2016, p. 2024).

- **Collaborative housing** (Austria) – an umbrella term for an emerging movement that prioritises participation and orients housing provision ‘towards the collaboration of residents among each other’.⁹
- **Habitat participatif** (France) – differentiates cohousing from other forms of cooperative housing, and particularly in relation to a 2014 law that aims to encourage innovation in housing provision, and particularly cohousing projects.

Self-organised housing models

Rather than being defined by a specific legal form or financial assemblage, this category of housing is identified as driven by a group of individuals acting together on the basis of a shared interest. These interests generally include some mixture of social, economic, and/or environmental justice objectives. These objectives are the key driver in shaping the design of the housing entity itself, the style and form of the physical housing, the partnerships and relationships involved, and the tenure type of members. As this is a broad definition it can include, but not be limited to, other models in this glossary such as various types of cooperatives, community land trusts, and intentional communities.

⁹ Lang & Stoeger (2018, p. 36).

1 Executive summary

Housing cooperatives are a growing presence in Australia's housing system, providing a diversity of housing forms to a variety of household types across the income spectrum, typically serving low- and moderate-income households. International evidence shows that housing cooperatives can provide a range of housing from very low price points through to market rate in both non-urban and urban contexts.

Housing cooperatives are legally incorporated entities that provide housing for their members and are bound by relevant national or state legislation, such as Australia's federal *Co-operatives National Law, 2012*. Many housing cooperatives hold title to housing that they make available to their members; in such instances, some cooperatives own the housing while others lease it from another entity, often the government. As members of the cooperative, residents do not own their homes but own a share in the cooperative and ownership of a share gives the member the right to live in one of the cooperative's homes. Other housing cooperatives do not hold title but still undertake activities such as tenancy management and selection.

This is part of what creates the diversity of cooperative housing. Shares can range from a minimal value through to market value. Where shares have a minimal value, cooperative housing functions more like renting as the resident pays a regular fee to the cooperative. That charge is often indexed to household income to keep it affordable. Where shares have a market value, cooperative housing functions more like ownership as shares will sell at whatever price the market will bear.

In market cooperatives, shares act as a form of housing equity. There are also cooperatives that set their share value between these two ends of the price spectrum and so can act like affordable ownership models; these are often called limited-equity cooperatives. Regardless of the value of shares, all housing cooperatives agree to operate according to the international cooperative principles:

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Cooperation among Co-operatives
7. Concern for Community

The scale of international housing cooperative sectors varies greatly, with the United States of America (USA), Canada, and the United Kingdom (UK) characterised by very small sectors (typically less than one per cent of housing stock) and in contrast, some Scandinavian sectors comprise 30 per cent of stock.

The research presented in this report reviewed a selection of international cooperative housing sectors in addition to the Australian context, with two aims:

1. Compile the current evidence for the social and financial benefits of housing cooperatives, to develop a framework to assess this in Australia; and,
2. Identify preliminary issues regarding the growth and diversification of housing cooperatives in Australia.

1.1 The benefits of cooperative housing

Australian and international evidence for the benefits of housing cooperatives focuses on seven primary areas. The two most frequently reported suites of benefits were greater levels of social capital, and greater housing security and quality. **Section 3** of this report details the evidence base; below is a summary.

1.1.1 Social capital

Residents in cooperative housing in many jurisdictions report strong social networks and support, and stronger friendships with their neighbours. Research in rental cooperatives in Australia, Austria, Canada, and the UK shows residents feel they have stronger and more friendships, strong social support, and better relationships with their neighbours. A major 2003 study in Canada¹⁰ showed residents in cooperatives reported higher levels of social support than residents in other non-profit forms of housing.

A major study of 2,985 households in 487 buildings in New York City that were transferred out of ownership by the City compared outcomes in housing transferred into cooperatives with housing transferred to other community groups, private landlords, and the local housing authority.¹¹ Controlling for a range of demographic variables, it found that residents in cooperatives reported statistically higher levels of satisfaction on multiple fronts than residents in all of the three other forms. With regards to social capital, this included higher levels of participation, formal leadership roles, and pro-social norms. Based on the evidence from housing cooperatives, the report concluded that “social capital, even among very poor tenant populations, can add value to government investment in housing”.¹²

More broadly, residents in limited-equity cooperatives in the USA feel they have greater social capital and stronger support networks, while residents in market equity cooperatives in Norway are using a cooperative community app to organise helping each other with tasks like collecting the mail and walking each other’s dogs.

Residents in rental cooperatives in Australia and Canada report strong senses of community and of ‘home’, safety, and neighbourliness. Canadian rental cooperative residents also feel that their overall neighbourhood is improved by the presence of the cooperative.

1.1.2 Housing quality and stability

¹⁰ Canada Mortgage and Housing Corporation (2003).

¹¹ Saegert and Winkel (1998).

¹² Saegert and Winkel (1998, p. 48).

There is very widespread reporting of satisfaction with housing outcomes amongst residents in cooperatives, including the cost, quality, and stability of housing. Residents in rental cooperatives in Austria, Canada, and the UK referred to increased tenure security and increased housing quality, appropriateness, and affordability. In Germany this affordability is underpinned by perpetual leases and rent regulation.

Residents in limited-equity cooperatives in Austria, Denmark, France, Switzerland, Uruguay, and the USA report lower cost, high quality homes with better security and lower equity risks. Residents referred to better build quality, design, and energy efficiency in their homes. Residents in market rate cooperatives in Norway have been able to stay in their neighbourhood across life changes; while market equity cooperative resident in the USA referred to their greater sense of security in their buildings. The major New York City study referred to above demonstrated greater cooperative tenant satisfaction with regard to management quality, building quality, building security, and crime levels.

1.1.3 Health and wellbeing

In some jurisdictions, residents report greater senses of physical, emotional, and mental health. Research in the USA hypothesises a link between greater social capital and greater senses of wellbeing; and research in Germany states that living in a cooperative might lead to reduced health care needs and costs.

1.1.4 Skills acquisition

Residents in rental cooperative in Australia and Canada report the development of a range of social, financial, operational, administrative, and job-seeking skills, either through their participation in the governance of the cooperative or through other residents helping them to develop skills. In Australia, this was linked to subsequent education or employment outcomes; and in the UK, a high proportion of unemployed cooperative housing residents were back in work after 12 months.

1.1.5 Reduced costs

A major 2003 study in Canada showed the rental cooperative housing sector to cost 14 per cent less in capital and operating costs than either public or private non-profit housing (analogous to Australian community housing).¹³ Evidence in the United Kingdom suggests lower rates of arrears, faster re-letting, and lower vacancy rates.

1.1.6 Broader economic or development outcomes

In some jurisdictions, housing cooperatives have developed non-housing activities. Some rental cooperatives in Ireland and Switzerland develop affiliated services such as child care and aged care, as do some limited equity cooperatives in Germany, Portugal, and Switzerland.

¹³ Canada Mortgage and Housing Corporation (2003, p. 33)

Some cooperative sectors also focus on a range of environmental activities and outcomes, usually through energy efficient design and/or the uptake of renewable energy. This includes rental and limited equity cooperatives in Italy, and some rental and market equity cooperatives in Australia. The Austrian cooperative sector is felt to contribute to better urban design generally.

1.2 Framework for a proposed method

Analysis of the methods used in international research and in Australian analyses of social housing outcomes highlighted a notable absence of studies that explore the role of the tenant in generating value or positive outcomes. Consequently, the review highlighted methods that can be used as a productive base for developing a method more appropriate to the cooperative housing sector and that can also contribute to broader social housing recognition of the significance of tenant contributions to beneficial outcomes.

Published reports on social housing draw upon social return on investment approaches, survey results on tenant satisfaction, and non-shelter outcomes such as employment and health to explain the value of social housing. However, these reports do not allow comparison across the different forms of social housing because they do not control for key variables such as tenant characteristics and scale of provision. In addition, many implicitly compare their outcomes to homelessness.

To provide convincing arguments to government decision makers and grow the sector, a robust methodology is required that highlights the additional value provided by cooperatives over and above other forms. Thus, the proposed method builds on the cost-consequence analysis developed by Pawson et al. for AHURI,¹⁴ stepping into that method's identified gap regarding both the capacity to effectively measure outcomes and particularly to consider the contribution of the tenant to those outcomes.

The cost-consequences analysis links the desired outcomes of social programs to the inputs required to produce them. Using the cost-consequences approach allows organisations to compare the cost-effectiveness of their programs to other forms of social housing in terms of basic output measures. Other more detailed outcomes measures can be benchmarked and compared through time within organisations. Identification of the cost of delivering different outcomes can lead to improved resource allocation within cooperative providers and cooperatives themselves. Importantly, the development and application of the cost-consequences approach in the cooperative sector will highlight the value of tenant involvement, a key difference with other forms of social housing. The framework is presented in **Section 4** and proposed as the basis for future research.

1.3 Enabling growth and diversification

While cooperative housing sectors vary immensely in terms of their target market, built forms, spatial configurations, equity arrangements, titling, funding sources, and how they were established, all have required input from public and/or private agencies. This has

¹⁴ Pawson et al. (2014).

included public and private funds and/or housing stock, political or policy support, and affiliation with other social movements such as labour movements.

Very little comparative analysis has looked at what best helps sectors thrive. A 2010 paper analysing the cooperative housing sectors of Sweden, India, and the United States of America suggests that the most effective model is one of ‘embedded autonomy’ that balances government and institutional support with the autonomy of the sector to be able to play to its strengths.¹⁵

Research comparing non-profit housing providers in Australia, the United Kingdom, and the Netherlands highlights the ongoing hybridity of these sectors, with State, market, and community drivers.¹⁶ Given the Australian cooperative housing sector remains a social housing provider, these understandings of the ongoing presence or support of the State imply that the sector’s expansion and diversification would be stabilised and strengthened by appropriate and enabling government policy.

Based on the international review, five factors can be seen to help the growth of cooperative housing in addition to supportive policy and/or public funding. Core amongst these are a stable asset base if the State itself is not the developer, access to appropriate finance, and familiarity and acceptance in the market. The growth and diversification of Australia’s cooperative housing sector requires assessment of its legislative and funding environment. Factors for consideration are:

1. Individual project viability
2. Access to property title
3. Appropriate development finance and resident mortgage mechanisms
4. Policy support
5. Appropriate regulation

¹⁵ Ganapati (2010).

¹⁶ Mullins et al. (2018).

2 Background and overview

2.1 Project description

This research was commissioned by the Australian Cooperative Housing Network, comprising Common Equity NSW, Common Equity Housing Ltd, the Federation of Housing Collectives, and Common Equity Housing South Australia. The research was led by researchers at Western Sydney University and involved a team of researchers from Western Sydney University and the University of Newcastle.

The research team met regularly, and also with the Network, to define and refine the research tasks. The Network reviewed the report and provided feedback prior to its endorsement and publication.

See the **Glossary** for key terminology used throughout this report.

2.2 Outline of this report

Following this introduction, this report details the evidence for identified benefits of cooperative housing, the variables of business models in operation, and core enabling factors. On that basis, the report then presents a framework for a research methodology to capture primary data on the generation of value by rental cooperatives in Australia. It then presents an outline of the Australian context and sector and a review of cooperative housing sectors in selected countries.¹⁷ The country profiles are followed by a top-level overview of major global trends in cooperative housing. A conclusion and references complete the report.

¹⁷ The country profiles for Sweden, Norway and Denmark are a little more in-depth than the others included. Review of non-English reference material on these countries was made possible through the involvement of a native Norwegian speaker in the research team. This material has previously been inaccessible to English-only readers, and as there is much to be learnt from the cooperative housing activity and history of these countries this was considered a useful inclusion in the report.

3 Current evidence for cooperative housing

3.1 Current evidence for social outcomes in cooperative housing

The international literature documents a suite of benefits generated by housing cooperatives; these are detailed in **Table 1** and outlined below. The text offers a brief overview, while the table provides a fuller scope and references to relevant studies. The research on social outcomes is heavily oriented towards rental and limited-equity cooperatives; comparatively little literature focuses on the social outcomes of market-equity cooperatives. With that caveat, the bulk of current evidence points towards a variety of social benefits in housing cooperatives, such as: stronger social networks; greater sense of home, neighbourhood and community; and the development of social skills.

Evidence of employment and education outcomes is more mixed due to the diverse constituent communities that are involved in cooperatives. For example, in Sweden and Norway, cooperatives generate higher employment levels than social housing because they are primarily a middle-class housing option, whereas in Denmark the unemployment level in cooperatives is double that of the national average due to their substantially higher share of retired, disabled, and student populations.

Similarly, health outcomes are both mixed and difficult to attribute to housing, although housing cooperative residents generally report strong senses of wellbeing. Overall, residents in cooperative housing demonstrate high levels of satisfaction with the housing itself. In the European and Scandinavian countries reviewed, there is also largely anecdotal evidence of cooperatives contributing to broader economic or social development, whether through the development of affiliated services such as childcare or through the role of the cooperatives themselves as nation-building strategies.

Further, many of the benefits show positive feedback loops either within individual benefits or across types of benefits; for example, social capital can generate safer buildings that create a greater sense of wellbeing and lower maintenance costs. The literature also highlights two adverse outcomes that require consideration, in order to be avoided or ameliorated.

3.1.1 Social capital

Findings here refer primarily to residents reporting having access to greater social networks, more friends and stronger friendships, more social support, and stronger social cohesion. Residents in housing cooperatives reported instances of residents helping each other with job applications, encouraging each other in their work and other aspirations, and taking care of each other in a variety of ways. A major study in New York City found residents in limited-equity cooperatives were more likely to vote and that “the experience of participation and living in an environment of collective decision making has positive attitudinal and behavioural consequences for empowerment at the political level”.¹⁸ Residents in housing cooperatives report an increased or improved sense of community and neighbourhood or neighbourliness, better friendships, and a greater sense of home and safety.

¹⁸ Saegert & Winkel (1996, p. 543).

Outcome	Leasehold/rental cooperatives	Limited-equity cooperatives	Market-equity cooperatives
Social capital, sense of home and community	<p><u>Australia</u></p> <ul style="list-style-type: none"> stronger networks (ARCH 2008) greater sense of home, safety, and neighbourliness (ARCH 2008) greater social networks (Ziersch & Arthurson 2005) <p><u>Austria</u></p> <ul style="list-style-type: none"> Bonding and linking social capital (Lang & Novy 2014) <p><u>Canada</u></p> <ul style="list-style-type: none"> more friends, more social support (Leviten-Reid & Campbell 2016) increased sense of neighbourhood & community, better friendships (CMHC 2003) improved neighbourhood (Thériault et al. 2010) stronger relationships with friends and neighbours; stronger social support than in other forms of housing, including non-profit (CMHC 2003) <p><u>UK</u></p> <ul style="list-style-type: none"> higher resident satisfaction – autonomy, less paternalist, stronger job outcomes (Lang & Mullins 2015). linking social capital primarily occurs and is relevant at intermediary level (CORDIS n.d.) 	<p><u>Austria</u></p> <ul style="list-style-type: none"> bonding and linking social capital (Lang & Novy 2014) <p><u>Uruguay</u></p> <ul style="list-style-type: none"> all aspects of self-management successful – working and living with group, mutual assistance, technical and organisational assistance (Bredenoord 2017) <p><u>USA</u></p> <ul style="list-style-type: none"> residents help and encourage each other with job applications (Saegert & Winkel 1998) greater social capital and cohesion (Sazama 2000) stronger social networks and support (Bessmer 2007) 	<p><u>Norway</u></p> <ul style="list-style-type: none"> cooperative community app developed so that residents can help each other – walking dogs, collecting mail, etc. (Siraj 2018) <p><u>USA</u></p> <ul style="list-style-type: none"> attributed to member selection processes and doormen or security, not interpersonal interactions (Low et al. 2012)

Outcome	Leasehold/rental cooperatives	Limited-equity cooperatives	Market-equity cooperatives
Housing quality and stability	<p><u>Austria</u></p> <ul style="list-style-type: none"> • better quality & lower cost (Rumpfhuber et al. 2012) <p><u>Canada</u></p> <ul style="list-style-type: none"> • self-reported improvements in housing (Thériault et al. 2010) • affordable, increased security of tenure (CMHC 2003) <p><u>Germany</u></p> <ul style="list-style-type: none"> • tenure security through a perpetual lease and rent regulations (CECODHAS 2012) <p><u>UK</u></p> <ul style="list-style-type: none"> • better quality than council housing; eco-friendly more possible; tailoring to needs (Lang & Mullins 2015) 	<p><u>Austria</u></p> <ul style="list-style-type: none"> • better quality & lower cost (Rumpfhuber et al. 2012) <p><u>Denmark</u></p> <ul style="list-style-type: none"> • 5% cheaper than market (Berlingske 2018) • provide for low socio-economic (Juul 2011) <p><u>France</u></p> <ul style="list-style-type: none"> • legal agreements may prevent price escalation (CECODHAS 2012) <p><u>Portugal</u></p> <ul style="list-style-type: none"> • greater awareness of sustainable and efficient design (CECODHAS 2012) • prices roughly 20 per cent less than market (CECODHAS 2012) <p><u>Switzerland</u></p> <ul style="list-style-type: none"> • rents 20% below market (CECODHAS 2012) <p><u>Uruguay</u></p> <ul style="list-style-type: none"> • very good quality architecture, low-cost durable basic homes (Bredenoord 2017) <p><u>USA</u></p> <ul style="list-style-type: none"> • Housing quality, size, affordability (Gent et al. 2005) • greater building quality, lower crime, greater building security (Saegert & Winkel 2000; 1998) • safe, efficient, satisfying housing (Sazama 2000) • lower resident exposure to equity risk (Siegel 2014) • expansion of home ownership opportunities (Samaza 2000) 	<p><u>Norway</u></p> <ul style="list-style-type: none"> • Ability to remain in neighbourhood over life changes (Sørvoll & Bengtsson 2016) • Able to negotiate deals on member benefits and energy outcomes (Siraj 2018) <p><u>USA</u></p> <ul style="list-style-type: none"> • Sense of safety (Low et al. 2012)

Outcome	Leasehold/rental cooperatives	Limited-equity cooperatives	Market-equity cooperatives
Health and wellbeing	<u>Australia</u> <ul style="list-style-type: none"> self-perception of better physical & mental health (ARCH 2008) 	<u>Germany</u> <ul style="list-style-type: none"> cooperative residency might lower care needs and costs (Borlogh & Westerheid 2012) <u>USA</u> <ul style="list-style-type: none"> link between social capital and emotional health: coops => greater social capital => emotional health (Bessmer 2007) 	
Skills acquisition	<u>Australia</u> <ul style="list-style-type: none"> writing job applications, relationship skills (Ziersch & Arthurson 2005) life skills (Arthurson et al. 2004) employment, education, and training outcomes (ARCH 2008) <u>Canada</u> <ul style="list-style-type: none"> social skills, financial skills, operational skills (Leviton-Reid & Campbell 2016) <u>UK</u> <ul style="list-style-type: none"> higher proportion back in work after 12 mths; explicit community development approach (Lang & Mullins 2015) 	<u>UK</u> <ul style="list-style-type: none"> residents used skills to improve their employment outcomes (Birchall 1998) 	
Reduced operating or subsidisation costs	<u>Canada</u> <ul style="list-style-type: none"> 14% lower costs than public or private non-profit - i.e. public or community housing (CMHC 2003) <u>UK</u> <ul style="list-style-type: none"> less arrears, fewer vacancies, faster turn arounds on re-lets (Rowlands 2009) 	<u>USA</u> <ul style="list-style-type: none"> lower running costs, but methods of older studies problematic (Sazama & Willcox 1995) 	

Outcome	Leasehold/rental cooperatives	Limited-equity cooperatives	Market-equity cooperatives
Broader economic or development outcomes	<u>Austria</u> <ul style="list-style-type: none"> better urban design outcomes (Förster 2002) <u>Ireland</u> <ul style="list-style-type: none"> co-operative childcare and family support services (CECODHAS 2012) <u>Italy</u> <ul style="list-style-type: none"> orientation towards environmental objectives (CECODHAS 2012) <u>Switzerland</u> <ul style="list-style-type: none"> most offer services such as childcare, health services, social services, common activities (CECODHAS 2012) non-partisan support for (non-profit) co-operative housing models to address affordable housing (Balmer & Gerber 2015) 	<u>Austria</u> <ul style="list-style-type: none"> better urban design outcomes (Förster 2002) <u>Germany</u> <ul style="list-style-type: none"> kindergartens, aged care (CECODHAS 2012) <u>Italy</u> <ul style="list-style-type: none"> orientation towards environmental objectives (CECODHAS 2012) <u>Portugal</u> <ul style="list-style-type: none"> kindergartens, homes for the elderly, cultural activities, recreational activities, legal and administrative assistance (CECODHAS 2012) <u>Switzerland</u> <ul style="list-style-type: none"> most offer services such as childcare, health services, social services, common activities (CECODHAS 2012) non-partisan support for (non-profit) co-operative housing models to address affordable housing (Balmer & Gerber 2015) 	<u>Australia</u> <ul style="list-style-type: none"> orientation towards environmental and/or social objectives (Crabtree 2018) <u>Sweden</u> <ul style="list-style-type: none"> people on wait lists can save money in affiliated saving & building society of ~100,000 members (CECODHAS 2012)

Table 1. Evidence of outcomes by equity type

3.1.2 Housing quality and stability

The literature documents a broad range of direct housing outcomes, including: improved building qualities; decreased crime rates; greater resident satisfaction with building quality, amenity, affordability, and quality of life; greater control over housing; and, a greater sense of tenure security. While much of the evidence for this had not compared sectors, the major New York City research referred to earlier controlled for demographic variables and compared cooperatives with housing transferred to other community groups, private landlords, or the local housing authority and demonstrated statistically higher levels of resident satisfaction with building quality, management quality, building security, and crime levels.¹⁹

The literature also documented limited-equity models as expanding the benefits of ownership to a larger cohort of the population.

3.1.3 Health and wellbeing

While there is little hard data on improved health and wellbeing outcomes (e.g. increased longevity, lower blood pressure, less medical visits, etc.), numerous studies highlight improvements in residents' self-perception of health and wellbeing as a result of living in a housing cooperative. For example, studies in Australia and the USA highlight higher self-reported levels of health and wellbeing amongst cooperative residents, with the USA literature imputing increases in health and wellbeing due to greater levels of social capital. Literature from Germany suggests housing cooperatives may lower the need for, and cost of, a range of care services.

3.1.4 Skills acquisition

Living in a housing cooperative has been shown to positively impact residents' educational and employment outcomes, including through residents encouraging each other to pursue such activities. Tenants often use the social, financial, and operational skills and confidence they develop through taking part in the management and governance of the cooperative into their work and social life.

3.1.5 Lower operating costs

To date only the major study by Canada Mortgage and Housing Corporation (CMHC) has looked at the cost effectiveness of cooperatives, finding that cooperatives cost 14 per cent less to operate than public or private non-profit housing (analogous to social and community housing in Australia). Research in the UK suggests lower operating costs due to quicker re-letting processes and lower rates of rental arrears. A review of older literature in the USA found an overall trend of lower costs, but highlighted a range of variables that had not been controlled for in that historical literature.

¹⁹ Saegert and Winkel (1998).

3.1.6 Broader economic or development outcomes

A number of reports highlight that as social enterprises, housing cooperatives often have broader economic or social development outcomes. This can include the provision of a range of care or employment services, such as in Ireland and Germany; and an orientation towards environmental and/or social justice activities and objectives, as in Portugal, Italy, Norway, and in Australia's market-equity cooperatives. In Sweden and Norway, cooperatives were developed after WWII as a nation-building strategy and serve middle-class households.

In addition to this range of beneficial outcomes, two negative potential outcomes are documented in the literature: insularity and exclusivity, and burnout. These are not detailed in the table but are explained below.

3.1.7 Insularity and exclusivity

Research with New York market-equity cooperatives referred to the exclusivity and insularity of these cooperatives, whereby "co-op participants are constructing a form of community that ends at their threshold, a form of participation quite unlike the aims of the original Rochdale principles."²⁰ The study referred to the homogeneity and implicit racism of the cooperatives, and to the tendency of residents to deflect dealing with conflict to the Board, or to security and door staff, rather than assuming personal responsibility. However, this was claimed to be less evident in smaller scale cooperatives where residents all knew each other and where most, if not all, had served on the Board at some point.²¹

This raises an issue regarding the social impacts of market-equity cooperatives. The study referred to suggested that making the Boards of market-equity cooperative more broadly accountable for their decisions and developing better communication channels within cooperatives would help remedy much of the disengagement of residents and concentration of power. Research in South Australia has highlighted the possibility of negative social outcomes through the formation of cliques within cooperatives.²² The issue of transparency - particularly regarding housing allocations and the possibility of aggrieved unsuccessful housing applicants generating negative impressions of the sector - has also been raised in Western Australia as needing consideration within any growth strategy.²³

3.1.8 Burnout

As with all forms of active participation, cooperative governance and management can tend to fall to a subset of residents with resultant overload and burnout, and possibly contributing to concomitant suspicion regarding the agendas of core members. Saegert and Winkel summarise that:

Co-op leaders must balance the demands of creating community, which include time spent in formal and informal communication and a dedication to "really

²⁰ Low et al. (2012, p. 287).

²¹ Low et al. (2012).

²² Ziersch & Arthurson (2005).

²³ Federation of Housing Collectives (2010).

listening," against immediate personal responses to emergencies, fiscal requirements, and physical upkeep. The strain is obvious, and many fail. Leaders and more active members often feel overwhelmed and burned out; less active members are often suspicious of leaders' priorities and driven to apathy by the leadership's unresponsiveness to input. These tensions can lead to an inability to maintain and improve the buildings' condition. Or they can lead to the emergence of new and more effective relationships among residents.²⁴

Some research has shown that burnout and a lack of willing participants can be especially acute in smaller cooperatives.²⁵ This suggests that Ganapati's model of embedded autonomy (discussed in **Section 3.3**) is relevant, as it can allow for the establishment of appropriate support models - such as umbrella or peak bodies - that are able to take on tenancy, repair, and/or maintenance issues according to the aspirations and capacities of individual cooperatives. Both Common Equity (CE) NSW and Common Equity Housing Ltd (CEHL) currently have this capacity. The potential strength of small cooperatives in fostering social capital and social skills versus their potential weakness in creating burnout suggests that in considering the growth and diversification of the sector a careful balancing act needs to be undertaken when considering the scale of individual developments and the nature of required support structures.

3.2 Diversity in business models

The global cooperative housing sector is characterised by immense variability. Housing cooperatives can (and do) provide a variety of housing forms to a variety of households through a variety of financing, development, and tenure models. There is no readily discernible pattern of correspondence between most of these variables, and no readily identifiable suite of business models.

The analysis here has outlined the main variables and any common tendencies that can be identified. **Table 2** presents an overview of the main variables identified in the review, namely:

1. Initiation or formation - This refers to the processes by which the sector was established. Frequently, this has involved government funding and/or housing stock.
2. Construction model - This refers to the main models by which new housing is developed, primarily through either the cooperative building new stock or the government building new stock.
3. Target communities - This refers to whether any particular subsections of the housing market are prioritised; for example, lower socioeconomic profiles, people with disabilities, housing for elderly people.
4. Policy environment²⁶ - This refers to the overall nature of the relationship between the sector and the state, and the extent to which the sector is enabled and supported by that environment.
5. Revenue streams, including development finance - This refers to ongoing or recurrent forms of income such as rents, subsidies, and other income.

²⁴ Saegert & Winkel (1996, p. 542).

²⁵ Sazama (2000).

²⁶ As per Ganapati (2010).

Despite the lack of clear business models, several core themes were found. These are shown in **Table 2** below.

3.2.1 Scale

There appear to be benefits and access to a broader range of roles that come with operating at scale. Larger sectors are generally more able to leverage assets, act as developers and occasionally, impact market prices through scale alone. In the Scandinavian context, larger sectors have been able to establish independence from the state and from a requirement for state funds, although some large sectors still enjoy state support due to a history of alignment between state and cooperative objectives.

3.2.2 Clear objectives

From the review it is clear that there is nothing inherent in the cooperative legal form that makes them more likely to deliver affordable housing or generate other social outcomes. However, most show at least some evidence of adding more volume and more diverse housing options to the overall housing system, whilst enhancing social capital. That said, there are instances where cooperatives operate essentially as middle-class market-rate housing or have created exclusivity and/or discriminatory allocation policies, particularly where cooperatives operate as intentional communities. This highlights the need for cooperatives and the sector at large to make their objectives clear and establish policies and programs that uphold them.

3.2.3 Institutional support

As per Ganapati's schema of embeddedness and autonomy (discussed further in **Section 3.3**),²⁷ it is apparent that cooperative housing requires a supportive environment to thrive, whether that is provided by the state, the market, and/or allied institutions that are sector-based or otherwise aligned in terms of objectives. All of the sectors reviewed have required this support, at least at inception - and many appear to require support on an ongoing basis.

This is not unique to the cooperative housing sector. All housing systems, including (and perhaps especially)²⁸ private ownership require regulation and support from the state. These include through direct subsidies, taxation policies, and/or the construction of appropriate lending markets, and a myriad of other ways in which the State constructs housing systems. The review presented in this report shows that the viability of cooperative housing is impacted by the policy orientation of the State, as that sets the parameters by which the sector can thrive or fail. The implications of this in the Australian context are discussed in **Section 5** and in the Conclusion.

²⁷ Ganapati (2010).

²⁸ See Yates (2009) on the preferential tax subsidisation of private ownership.

Variable	Type	Example jurisdiction/s
Initiation or formation	Stock transfer (nil or discounted value) or development by government	Australia, Norway, UK, USA
	Land title transfer by government at nil or discounted rate	China, ²⁹ Pakistan, Turkey
	Long-term peppercorn leasing of land or buildings by government	UK
	Members pool resources to acquire stock (including community share issues & crowd funding)	Australia, China, Thailand, ³⁰ UK, Uruguay, ³¹ USA
	Debt-financing secured against existing asset base (e.g. 'social lenders')	Italy, UK
	Charitable organisations / councils funding community groups for start-up	UK
	Charitable organisation low-interest loan schemes	Kenya, ³² Thailand
	Community sector organisation diversifies into cooperative housing sector	UK
	Government funding to cooperative or sector	Canada, Norway, UK
Construction model	Cooperatives or peak bodies develop housing	Australia, India, Norway, South Africa, ³³ Sweden, UK
	Government develops housing	Australia, UK
	Community self-build	UK, Uruguay
	No preferred housing or spatial form, e.g. mix of discrete and scattered sites	Australia, USA
Target communities	By income level	Australia, Austria, Canada, India, Kenya, Norway, South Africa, Thailand, Uruguay, UK, USA
	By sociocultural variables, e.g. cultural groups, LGBTIQ, disabilities, seniors	Australia, Norway, UK, USA
Policy environment³⁴	Overembeddedness	Australia (NSW, Qld, SA, Vic, WA), Canada, India, Poland, ³⁵ UK
	Embedded autonomy	Australia (Tas), Austria, Kenya, Korea, ³⁶ Norway, Sweden, UK, Uruguay ³⁷
	Disembeddedness	Norway, South Africa, ³⁸ USA

²⁹ Ganapati (2014).

³⁰ Ganapati (2014).

³¹ Bredenoord (2017); Ganapati (2014).

³² Ganapati (2014).

³³ Ganapati (2014).

³⁴ As per Ganapati (2010).

³⁵ CoudroydeLille (2015).

³⁶ Mullins et al. (2012).

³⁷ Ganapati (2014).

³⁸ Ganapati (2014); Jimoh & Van Wyk (2014).

Variable	Type	Example jurisdiction/s
Revenue streams, including development finance	Rental income from residents	Australia, Pakistan, Turkey, UK
	Sporadic public funding, including favourable lending schemes	Australia, Austria, Canada, Norway, UK, USA
	Affiliated or sector-specific lenders	India, Italy, Sweden, UK
	Income from non-housing activities	Egypt, Turkey
	Public-private development partnerships	Austria
	Cooperative housing developer investment	Austria
	Contributions from residents to development	Austria

Table 2. Typology of business model variables

3.3 Facilitating the growth of cooperative housing

3.3.1 International requirements for success

...if cooperative ownership is so desirable, why there are so few cooperatives?³⁹

Very little comparative work has assessed why cooperatives thrive more in some jurisdictions than others. However, research by Ganapati comparing the trajectories of housing cooperative sectors in Sweden, India, and the USA has called for ‘embedded autonomy’ as a framework for enabling the growth and stability of cooperative housing. This requires supportive institutional structures designed to achieve a balance between the cooperatives’ embeddedness within the State and their autonomy.⁴⁰ Ganapati proposed a typology of the three basic policy environments or relationships with government: overembeddedness, embedded autonomy, and disembeddedness. These are defined as:

embedded autonomy (characterized by a balance between ties with the state and cooperatives’ autonomy); overembeddedness (characterized by intimate ties with the state, generally accompanied by loss of the cooperatives’ autonomy); and disembeddedness (characterized by few or no ties with the state, but a high degree of cooperative autonomy).⁴¹

Ganapati’s research is unequivocal in its assertion that successful cooperative sectors require State support, but not to the extent that their autonomy and flexibility is impeded. His conclusion is that the hybrid model of embedded autonomy is the best framework for enabling cooperatives, as it provides a broader supportive environment within which the sector can develop its strengths, including through the emergence of sector-wide institutional agencies:

First, at the institutional level, housing cooperatives need to be embedded in the state to some degree if they are to grow. However, such embeddedness depends on the political economy of the state. Second, institutional structures supporting the functioning of housing cooperatives assist in the nationwide growth; these structures nevertheless emerge in different forms based on the nature of the cooperative-state relationship.⁴²

Research from the USA supports this, adding that in the context of sector disembeddedness the adoption of cooperative models would be facilitated by a greater number of more highly skilled brokers who can liaise and translate between the cooperative sector and lenders, regulators, and other relevant stakeholders.⁴³ So in addition to supportive relationships with government, broader social understanding and support have proven pivotal to the strength of international sectors; for example, in the Scandinavian context:

³⁹ Elster (1989) in Ganapati (2010, p. 366).

⁴⁰ Ganapati (2010).

⁴¹ Ganapati (2010, pp. 367-368).

⁴² Ganapati (2010, p. 377).

⁴³ Molk (2014).

Swedish co-operative housing grew as a social movement closely connected with the social democratic popular movement coalition, backed by government and local authorities. No such movement existed in Finland.⁴⁴

Consequently, alongside government support, key moments in the growth trajectories of international cooperative sectors have been frequently underpinned by strong support from collective social structures such as labour unions or other community organisations, including community-based lending institutions. In some jurisdictions this has enabled ongoing autonomy in a disembedded situation, but even in such instances, historical State support and a broader political understanding and endorsement of cooperative values has been vital to the ongoing viability of the sector. Hence:

The balance between embeddedness and autonomy is a precarious one, which tilts with the political economic context. Yet, the balance is required for maintaining housing cooperatives' distinction from the public and the private sector (i.e. its third-sector domain).⁴⁵

In addition to and sometimes as part of state support, strong cooperative sectors have benefitted from access to appropriate financing, whether through grants or favourable lending from government, or finance from affiliated financial bodies. This suggests that in addition to an enabling policy environment, Australia's unions and NGOs, as well as lending mutuals and community banks, might have a role to play in the future development and diversification of the sector.

3.3.2 Growing the Australian cooperative housing sector

Australia's cooperative housing sector operates with a degree of autonomy but is arguably constrained by State requirements for income capping and, in some jurisdictions, a lack of asset title. An example can be seen in the history of the NSW sector, wherein prior to the creation of CENSW as a registered community housing provider, the cooperatives had a 65/35 resident split in which 65 per cent of residents were required to meet public housing income and asset tests, with the remaining 35 per cent exempt from such tests. Post-regulation, households in that 35 per cent must now meet affordable housing income limits at the time of accepting housing.

While the creation of CENSW as a regulated provider is a positive development for the sector, that shift both reduced the number of eligible households and the diversity of people that might apply for cooperative housing (which could be read as a form of residualisation); and impacted revenue streams to cooperatives, as rents are indexed to household income up to the level of market rates. In the context of persistent affordability issues and the exploration of intermediate tenure models such as shared equity, this presents a vital opportunity for the cooperative sector to learn from the past and from international jurisdictions to maintain its core role in providing perpetually affordable and socially beneficial housing, while extending this to include shared ownership models that do not inflate the market or leak subsidies.

⁴⁴ Ruonavaara (2005, p. 213)

⁴⁵ Ganapati (2010, pp. 377-378).

It is worth considering then what an expanded role for cooperatives in Australia's housing system might look like. The history of cooperatives in the housing system in Australia has two primary strands: the housing cooperatives that hold tenure and/or undertake housing governance and management; and previously prominent cooperative housing societies that historically played significant roles as counter-cyclical interventions into housing construction and supply. These latter organisations are mentioned here as the expansion and diversification of the cooperative housing sector may signal a future role for their re-emergence, or for key lessons from that sector to be taken forward into new lending configurations.

A primary criticism of the cooperative housing societies is that their funding by Commonwealth and State levels of government diverted funds away from social housing. That is a valid criticism given that, over time, the initial program components such as income targeting fell away, and that the housing was subsequently traded at market rates. As such, the scheme facilitated the direction of extensive public resources into a private, market rate housing form. While this undoubtedly had benefits for the target households and their kin, the broader structural retention of an affordable housing option was not initially structured into the approach and so was lost.

The public subsidisation of a private commodified housing form is not unusual in the Australian housing system and policies since have only intensified that dynamic, with private ownership now subsidised to a far greater extent per household than either private rental or public rental housing.⁴⁶ Combined with the impact of ready access to low mortgage interest rates, that subsidisation has proven to be inflationary to the extent that structural inequalities are now evident in the Australian housing market.

This provides a significant opportunity and need for intermediate tenures that can make better use of housing subsidies, by retaining restrictions on equity gains or other forms of price increase. The recent establishment of the National Housing Finance and Investment Corporation (NHFIC) represents an encouraging step through the development of a financing vehicle that can enhance the viability of the community housing sector at large, including through the support of shared equity models.

The NHFIC is intended to provide lending to registered community housing providers, based on recognition of the fact that providers negotiating access to finance in the private market on a case-by-case basis is inefficient in terms of both time and money. This development is intended to create a streamlined mechanism for institutional lending into a well-regulated and established sector. Currently it is unclear whether this lending will be provided at lower than current market lending rates, so the aim appears to be the centralisation of lending rather than its affordability.

As with the review of social outcomes and value presented in **Section 4**, in considering shared equity models this lending scenario also shows a 'tenant-shaped hole'. That is, while the NHFIC may come to provide a stable and streamlined channel for provider lending, there

⁴⁶ Yates (2009).

is as yet no analogous lending market for would-be residents in shared equity schemes, despite provider interest in developing such options.⁴⁷

To fill this gap, there is a need for appropriate mortgage products for such residents, provided by financial institutions that understand the objectives and parameters of resale-restricted shared equity products. This has been necessary in international jurisdictions and represents a market advantage for sympathetic lenders as, while the sector is small, such loans have shown persistently lower rates of delinquency and foreclosure.⁴⁸ It is possible to imagine the expansion of the NHFIC or the creation of an analogous resident loan mechanism that can provide appropriate loans at scale, in a manner similar to previous State support of the cooperative housing societies.

In contrast to the ultimately inflationary effects of that system, the channelling of such funds, as with NHFIC funds, into regulated, resale-restricted models presents an opportunity to create a viable intermediate tenure sector that combines the underlying stability of a state-supported infrastructure with the established and regulated capacity of the sector. Exploration of the potential of such a system should be included in future research.

⁴⁷ Regional Development Australia (RDA) Sydney (2014).

⁴⁸ For evidence from the USA across the mortgage crisis see: Temkin et al. (2013); Thaden (2010); Theodos et al. (2017).

4 The social value and efficiency of housing cooperatives

This section considers the options for determining the social value created by housing cooperatives and the efficiency and effectiveness of the housing cooperative approach to social housing. A systematic approach to measuring efficiency and effectiveness is essential for justifying government funding in the cooperative housing sector. The approach must be compatible with methods used or being developed to evaluate other forms of social housing so as to allow comparison across the sector and to facilitate identification of key factors driving program efficiency and effectiveness.

The recommended approach is to build upon the cost-consequences analysis developed by Pawson et al.⁴⁹ and the program logic approach endorsed by government. The report proposes conceptual development of Pawson et al.'s approach with respect to the measurement of outcomes and its application when tenants have a great deal of agency and perform some of the duties of a social landlord.

To develop the methodology, **Section 4.1** outlines the economics of social housing to provide a basis for considering social value and cost-effectiveness. **Section 4.2** describes the need to assess the efficiency and effectiveness of social housing delivery, the broad frameworks available and the advantages and disadvantages of each. **Section 4.3** explains the argument for following and further developing the cost-consequences analysis and describes Pawson et al.'s methodology.

Section 4.4 argues that the methodology neglects the role of the tenant as social landlord, which is particularly significant in cooperatives. **Section 4.5** describes the way that outcomes such as social capital creation, empowerment, and other non-tenancy outcomes can be measured and suggests options for measuring additional domains not covered in Pawson et al.'s methodology. Recommendations for developing a methodology for measuring the social value and efficiency of cooperatives are described in **Section 4.6**.

4.1 The economics of social housing

The economics of social housing distinguishes between supply-side and demand-side assistance.⁵⁰ Supply-side policies refer to direct government provision of low-income housing or capital grants to third-party providers and these policies shift the short-run supply curve to ensure increased housing at lower prices. On the demand side, policies such as rent assistance and housing subsidies increase the demand for housing, which in theory increases the quantity of low-income housing over the long run.⁵¹ Of course, in reality, both supply-side and demand-side policies are needed and, ideally, should work together to reduce homelessness and housing-induced financial stress.

⁴⁹ Pawson et al. (2014, 2015).

⁵⁰ Quigley (1979); Pugh & Catt (1984).

⁵¹ The theory assumes a horizontal or perfectly elastic long-run supply curve (Pugh & Catt, 1984), which is debatable. However, even if this is correct in the long run, the short-run effect of rent assistance may simply be a transfer from government to private landlords and a concomitant increase in rents as the supply of housing remains fixed. In addition, to be effective in increasing demand, the rent assistance must keep pace with increases in private rent.

Two forms of social benefit arise from these policies. First, people with low incomes receive the benefit of housing, compared to an otherwise situation of homelessness or severe financial stress. Second, other members of society receive an external or spill-over benefit from the public policy because society values the reduction in poverty.⁵² Overall, from the perspective of cost-benefit analysis, the benefit is the difference between the market price of housing and the actual price people pay under the rent assistance or subsidy multiplied by the number of low-income houses.⁵³

The vast majority of the social value derives from the fact that people who would otherwise be homeless or under severe financial stress now have affordable housing.⁵⁴ In studies of social value, the benefit of a particular form of social housing is often conflated with these more general benefits of social housing. For example, in their study of the cooperative form Boulet and Overbeek distinguish between ‘psychological and personal benefits’, ‘social benefits’ and ‘economic benefits’.⁵⁵ The ‘psychological and personal benefits’ include a sense of empowerment, improved confidence, skills and education, and security of tenure. The social and economic benefits include employment-conducive social networks, a reduction in housing stress, improved access to training, and improved health.

Many of these benefits would also occur in direct-managed community housing and public housing. Similarly, Ravi and Reinhardt determine the value of community housing on the basis of greater financial flexibility, education and training opportunities, and health, which also occur under cooperatives and public housing.⁵⁶ Thus, in determining the social value of cooperatives, it is important to compare values to those that occur under other forms of social housing.

In a comparative study, the Canada Mortgage and Housing Corporation (CMHC) compared the benefits of cooperative housing to other non-profit rental housing.⁵⁷ Using a survey methodology and multivariate regression analysis, the authors assessed value on the basis of a number of indicators in the areas of security of tenure, quality of life, and skills development. The evidence from that study suggested that cooperative housing leads to a higher quality of life as a result of increased social interactions and support, compared to other forms of housing. Cooperatives also performed better on security of tenure, but skill development was similar in all forms.

The Canadian study also looked closely at the cost of providing cooperative housing relative to other forms of non-profit rental housing. Although data limitations and a lack of control variables restricted the ability to compare cooperatives to all other forms, the authors were able to demonstrate that cooperatives were less expensive to run than non-profit rental housing, holding the unit size constant. Operating costs were 14 per cent lower in cooperatives and capital costs were 11 per cent lower per unit; although many other variables

⁵² Pugh & Catt (1984).

⁵³ Murray (1980); Olsen & Barton (1983).

⁵⁴ Gilmour (2012, p. 16); Boulet & Overbeek (2012, p. 3).

⁵⁵ Boulet & Overbeek (2012).

⁵⁶ Ravi & Reinhardt (2011).

⁵⁷ Canada Mortgage & Housing Corporation (CMHC) (2003).

could influence this result - such as project size, age of dwellings, location, and type of development.⁵⁸

The cost effectiveness of cooperative housing is potentially a key source of social benefit. For example, if it can be demonstrated that cooperative housing delivers comparable units of housing at a statistically-significant lower cost this implies that the supply of social housing will be greater for any given level of government capital grants. In turn, this leads to more social value, holding other variables constant. However, aside from the limited evidence in the Canadian study, there are no comparative studies that can be used to demonstrate the cost effectiveness of cooperatives.

Gilmour suggests that members undertaking tenancy management and maintenance saves \$12,000 per property per year.⁵⁹ However, that analysis could not be verified and the claim was not based on a comparison of costs to other forms of social housing while holding key control variables constant. One key control variable is the number of properties under management, because economies of scale can be significant. Property sizes and other key demographics, including whether the properties under management cater for complex-needs tenants, would also need to be considered.

While the vast majority of social value provided by social housing derives from the fact that people have affordable housing, different mixes of social housing forms and particular forms can shift the demand and supply curves to a greater or lesser extent. For example, if quality of life, social capital, skills development, and community externalities are greater in cooperatives, the social benefit of social housing increases for a mix of social housing that includes a greater number of cooperatives. This increases social value, holding other variables constant. In addition, the very existence of cooperatives in the social housing mix is valuable. Certain members of society will always prefer the cooperative form of housing, which suggests that a diverse mix of social housing leads to greater social value than a mix of social housing without cooperatives.

4.2 Assessing the effectiveness and efficiency of social housing

Assessing the effectiveness and efficiency of different social housing forms requires a consistent approach based on cost-benefit analysis or related decision-making tools. Cost-benefit analysis is the practical application of the underlying efficiency measure in economics, where the social benefits of government projects and policies are compared to the social costs.

Cost-benefit analysis requires the monetisation of benefits that derive from social housing so that an aggregate, monetised benefit can be compared to costs. For example, in theory, the tangible benefits of social housing such as improved health, education and employment opportunities can be monetised and added to the monetised, intangible benefits such as sense of place, empowerment, and security of tenure. In addition, external benefits to the community can be calculated using non-market valuation methods and added to the benefits to individuals.

⁵⁸ Canada Mortgage & Housing Corporation (CMHC) (2003, pp. 33-34).

⁵⁹ Gilmour (2012).

Methods such as the social return on investment and the social value bank methodology attempt to monetise benefits in this way. For example, Ravi and Reinhardt estimate the monetary value of four social benefits that derive from social housing: greater financial flexibility; improved health; improved education and training opportunities; and greater social inclusion or empowerment.⁶⁰

However, for this to be a useful framework for analysis, the evaluation would need to be performed across the different social housing forms and key control variables would need to be identified and measured. For example, an analysis would need to be performed in several community housing, public housing and cooperative housing environments controlling for the age of tenants, the length of tenancy, building-related differences, size of units, and other key control variables.

Similarly, the social value bank methodology, while conceptually innovative, would need to be utilised consistently across the social housing forms with key control variables introduced. The social value bank methodology uses a large database of benefits and can be used to monetise the delivery of social housing and other social programs. For example, it could be argued that the cooperative-housing form leads to better employment outcomes than other forms of social housing. If this can be documented and verified in terms of the number of people in cooperative housing that attain employment, the social value bank methodology could be used to value this outcome.⁶¹ However, community housing providers also provide job training, and secure housing tenure itself can lead to better employment outcomes. Thus, a comparison across social housing forms would need to be conducted, taking into account control variables such as age and experience.

In our opinion, cost-benefit analysis and the monetisation of outcomes should not be the preferred method for measuring efficiency and effectiveness of social housing. However, there are other related frameworks associated with cost-effectiveness analysis.

Pawson et al. assessed the measurement of efficiency and effectiveness in social housing and concluded that current methods are inadequate.⁶² In particular, they found that the cost-of-provision measure used—the net recurrent cost per dwelling—was too broadly defined and comparison across social housing forms was impossible due to the lack of control variables. In addition, commonly used outcomes measures, such as those collected in the National Social Housing Survey, and the administrative measure of tenancy sustainment were not adequate for comparisons across provider types or organisational structures.⁶³

Pawson et al. move on to develop a framework for measuring the effectiveness and efficiency of social housing. Given government endorsement of the approach and the high level of specificity in the cost and outcomes measures, we recommend the use and further conceptual development of this approach.⁶⁴ In the next section we describe Pawson et al.'s 'cost-

⁶⁰ Ravi & Reinhardt (2011).

⁶¹ Trotter et al. (2014).

⁶² Pawson et al. (2014; 2015).

⁶³ Pawson et al. (2014, p. 29).

⁶⁴ Pawson et al. (2015).

consequences analysis' approach, followed by a conceptual development to account for the missing tenant.

4.3 Cost-consequences analysis

Pawson et al. developed a framework for measuring efficiency and effectiveness based on cost-consequences analysis, which is based on cost-benefit analysis.⁶⁵ Cost-consequences analysis promotes the documentation of inputs and a connection of these inputs to outputs or outcomes. Consistent with a program-logic approach,⁶⁶ the outputs or outcomes need to be closely tied to the overall aims of the program.

The cost-consequences approach allows for more complexity in the relationships between management activities and services outcomes than is possible using cost-benefit analysis. As can be seen in **Figure 1**, Pawson et al.'s approach is to divide the management activities into four main fields: tenancy management; property and neighbourhood management; individual tenant support; and, additional tenant and community services.⁶⁷ **Figure 1** also indicates some of the housing management activities that can be included under each management field. Each management field is then associated with specific tenant or community outcome measures - such as survey approaches, like tenant satisfaction; and administrative measures, like tenancy sustainment (discussed in **Section 4.5**).

Pawson et al. developed worksheets to be completed by social landlords that allow the housing provider to allocate costs to the specific management fields.⁶⁸ Importantly, while property repair administration is included in the property and neighbourhood management field, the actual 'works expenditure' on repair and maintenance does not appear in any of the management fields. Works expenditure is seen as dependent on the building age and type, which is outside the realm of control of social landlords.⁶⁹

Researchers funded by the Australian Housing and Urban Research Institute (AHURI) trialled their cost-consequences analysis with six community housing providers and found mean annual costs of \$2 671 per dwelling and a standard deviation of \$114.60 for the period 2013-14.⁷⁰ The standard deviation within each management field is relatively small, indicating that their methodology and worksheets work well to capture standard costs and that costs are apportioned similarly between the four management fields across the six community housing providers.

It is important to note that total capital and operating costs as derived from annual reports would be significantly larger than these figures, and that different reporting standards and labels make it impossible to compare across social housing forms using annual reports alone.

⁶⁵ Pawson et al. (2015).

⁶⁶ A program logic approach focusses on the outcomes or goals intended for a social program or an aspect of a social program such as the delivery of certain aspects of social housing. The key idea is to link the inputs that go into the delivery of the social program with the outputs or outcomes so that performance can be measured through time and across programs.

⁶⁷ Pawson et al. (2015).

⁶⁸ Pawson et al. (2015).

⁶⁹ Pawson et al. (2015, pp. 5-6).

⁷⁰ Pawson et al. (2015).

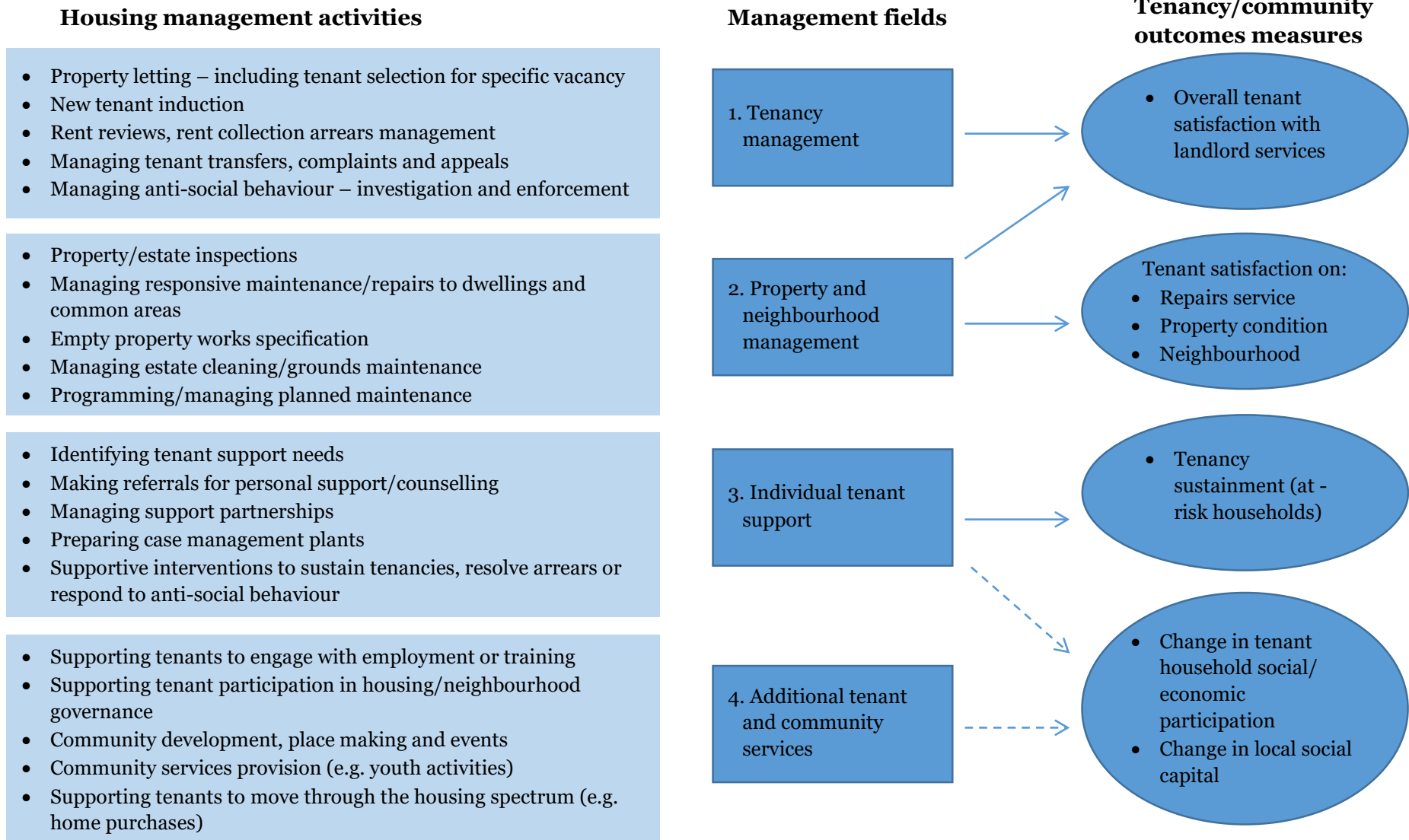


Figure 1. Cost-consequence analysis framework.

Source: Pawson et al. (2015).

Ultimately, when Pawson et al.'s cost-consequences analysis is performed for multiple providers, a robust cost-effectiveness measure is derived. That is, social landlords can be compared on the basis of cost per dwelling.

The cost-consequences analysis has been endorsed by government. For example, the NSW Legislative Assembly's Public Accounts Committee (PAC) provides the following recommendations in a report on the cost-effectiveness of, and outcomes from, current tenancy management arrangements in NSW social housing:

RECOMMENDATION 2

The Committee recommends that the outcomes of the research by the Australian Housing and Urban Research Institute detailed in its paper entitled *Assessing management costs and tenant outcomes in social housing: developing a framework* should form the basis for defining and measuring the performance of social housing provision, including tenancy management.⁷¹

RECOMMENDATION 3

The Committee recommends that the introduction of the AHURI framework as the foundation for robust performance measurement and reporting in social housing be pursued by the NSW Government as the fundamental prerequisite for making resource allocation decisions, especially where the Government seeks to transfer resources between housing sectors and providers as a way of improving effectiveness.⁷²

Other jurisdictions are also likely to favour the AHURI methodology. As a national network of experts, AHURI's work is accepted in Federal and State jurisdictions across the country. In addition, the program logic approach underlying the cost-consequences analysis is recommended for public program evaluation in all jurisdictions.⁷³

Moreover, the approach has received strong support from the social housing providers themselves, which in part led to the PAC recommendations above. Thus, we recommend that the approach moving forward should be to refine and further develop the Pawson et al. cost-consequences analysis. The following two sections suggest that development is needed in two areas: recognising the role of the tenant; and the measurement of outcomes.

4.4 The missing tenant: Improving the cost-consequences analysis

Holding the size of the social landlord's managed stock of housing constant, the cooperative sector is expected to perform well under cost-consequences analysis. While economies of scale can be significant in social housing provision, the cooperative housing provider should be able to deliver services at a lower cost because tenants provide free inputs to service provision. However, the AHURI framework requires conceptual development to be able to capture the value provided by tenants.

⁷¹ Public Accounts Committee (2014, p. 24).

⁷² Public Accounts Committee (2014, p. 47).

⁷³ For example, Australian Institute of Family Studies (2018); Program Evaluation Western Australia (2015); SA Health (2014); Department of Health and Human Services (2013); Centre for Epidemiology and Evidence (2017).

As can be seen in **Figure 1**, there is no role for the tenant in providing the service outcomes measured in Pawson et al.'s framework. This reflects an assumed lack of agency on the part of the social housing tenant. However, as explained in Gilmour's "*We're all landlords and tenants*", the cooperative form leads to a substantial role for the tenant in providing social landlord services.⁷⁴ Working down the first column of **Figure 1**, cooperative tenants provide many of these housing management activities from "tenant selection" and 'tenant induction' to 'community development' and 'place making'. Thus, outcome measures such as 'change in tenant social and economic participation', and the creation of 'social capital' is partly determined by the efforts of the tenant. In addition, 'tenancy sustainment' and 'tenant satisfaction' will partly depend on the tenants in their dual role as landlords.

We propose a conceptual development of Pawson et al.'s cost-consequences approach to make it fit for cooperative purposes, which will also enhance the ability of the framework to measure the efficiency and effectiveness of other social housing providers. While the role of the tenant as landlord is a fundamental characteristic of cooperatives, the tenant also has agency in other forms of social housing.

The approach will allow for the measurement of the social value provided by tenants. For example, once the role of the tenant is measured, one measure of the social value provided by tenants is the difference between the total cost of the social landlord providing certain services and the total cost of the tenants providing these services, holding the quality of service delivery constant. From an economic perspective, the cost of tenants providing services is the opportunity cost of their time or the value of the next-best use of their time. For example, if this is leisure time, the economic approach would cost the tenants time at 20 per cent of the minimum wage. Our method will allow us to explore multiple different interpretations of the value provided by cooperative tenants.⁷⁵

Cooperative providers and tenant Boards also stand to benefit from an accurate detailing of costs. For example, it will become evident where a provider and tenant Board can collectively allocate their resources more efficiently. This might occur where providers are significantly more efficient at certain tasks and so the provider's cost of delivery is less than the opportunity cost of delivery by the tenant Board. Similarly, the tenant Board may be more efficient at delivering other services.

The second area where Pawson et al.'s cost-consequences approach needs development is in the measurement of outcomes, as those authors readily accept.⁷⁶ Their outcome measures and the development of an approach to improving outcome measurement is discussed in the next section.

⁷⁴ Gilmour (2012).

⁷⁵ The conceptual development of the cost-consequences approach to allow for the missing tenant will not rely simply on a one-for-one comparison with what providers would normally do. For example, tenants in cooperatives provide unique social values associated with participating, within and outside the cooperative (Leviten-Reid, 2016; Canada Mortgage & Housing Corporation (CMHC), 2003).

⁷⁶ Pawson et al. (2015, p. 18).

4.5 Measuring outcomes

Pawson et al.'s methodology is predominantly focussed on assessing housing provider costs across four domains of housing management. It also postulates a relationship between these input costs and a series of social outcomes (see **Figure 1**). Four primary outcome domains are identified in the figure: overall satisfaction with landlord services; tenant satisfaction on repairs service, property condition and neighbourhood quality; tenancy sustainment (at-risk households); and change in tenant household social/economic participation, and change in local social capital.

The first recommendation highlights the importance of an expanded conceptualisation of value inputs, so that the inputs made by tenants can be accounted for within understandings of the social value of cooperative housing (as above). The second recommendation, addressed in this section, is for development and testing of a methodology for conceptualising and accounting for the connection between inputs and cooperative housing outcomes. A broader series of tenant/community outcomes that might be measured are also identified.

4.5.1 Limitations in existing data

Internationally there is an array of research conceptualising the social value of cooperative housing. As overviewed in **Section 3**, these studies identify a series of benefits connected with living in cooperative forms of housing, including: benefits of housing quality and affordability; higher self-reported levels of social capital and well-being; and overall higher levels of tenant satisfaction. However, while this work has been vital in beginning to identify the benefits associated with cooperative housing, there are a series of methodological gaps that limit the conclusions that can be reliably drawn.

First, most research has been small scale, focused on a small number of housing cooperatives. This work has been vital in beginning to understand the benefits associated with cooperative housing and is an important foundation for the proposed evaluation of social value because it identifies the types of outcome domains that should be the focus of analysis. These studies can also provide a foundation for developing survey tools. However, the small scale means that only limited conclusions can be drawn at present. We recommend a broader scale study that seeks to include the diversity of cooperative housing models. This would allow a more complete account of the social value of cooperative housing.

Second, there has been limited conceptualisation of the diversity of cooperative housing models. Cooperatives come in many shapes and sizes, with variance in governance models, equity arrangements, and spatial forms. One approach is for an assessment of social value to identify commonalities across the sector (i.e. elements that are fundamental to any cooperative housing) and to evaluate the social value that these common factors generate. This approach has characterised research to date, such as Ziersch and Arthurson's analysis of social capital outcomes in cooperative housing in South Australia.⁷⁷

⁷⁷ Ziersch & Arthurson (2005).

A second approach, recommended here, is to begin to identify a series of typologies that operate within the sector. These typologies might identify key variations in governance or spatial form - for instance, between co-located and spatially distributed cooperatives. An assessment of social value that is sensitive to the variations in cooperative form will allow a deeper understanding of how the social value of cooperative housing is produced. Further, it will allow understanding of the particular characteristics of cooperative housing that are strongly associated with positive social value. This analysis could inform future business development, including sectoral expansion.

Third, larger surveys of the cooperative housing sector and broader state and national surveys of social housing are limited by the lack of control variables, such as age, gender, income and employment status. The absence of attention to these variables means that the demographics of the survey sample are unknown. This in turn means that it is not possible to control for demographic variables that may be impacting the survey results. As a result, it is not possible to tell whether housing-related responses correlate with some aspect of the tenure or provider, or if they are more strongly correlated to some other, unknown variable.

For instance, it might be that people who are retired, or who are living on higher incomes, are generally more satisfied with their experience of housing. If these groups are over-represented amongst the population of survey respondents at one housing provider then that provider will have higher ratings, which does not therefore reflect a better housing product. For example, in the NSW Federation of Housing Associations survey, Common Equity NSW (CENSW) appears to have exceptional results. However, it is not possible to tell from the survey data if housing is the key factor that correlates with this rating.⁷⁸ Similarly, respondents from direct-managed CENSW housing reported higher levels of satisfaction even when compared with housing managed cooperatively. This may be because people are generally more satisfied with direct managed housing, but it may equally represent something that is unique about this population of respondents.

The lack of control variables, the small scale of current data, and the limited conceptualisation of cooperative model types limit the value of existing data sets and means that any rigorous assessment of social value will require the generation of new data. In particular, any future data collection should include control variables to enhance the rigour and comparability of the work. We recommend that the most useful starting point for this work is Pawson et al.'s outcome measures, supplemented with additional domains and a method for moving forward through a program logic approach.

4.5.2 Measuring community/tenant outcomes

This section identifies possible approaches to measuring community/tenant outcomes identified in Pawson et al.'s methodology. There are two central challenges. The first is a methodology for assessing each of the domains of value outlined below. The second is an approach to conceptualising and evaluating the connection between inputs and outcomes. Ideally, and at the first level, the assessment would reliably demonstrate that it is the cooperative housing model, rather than housing in general, that produces a particular set of

⁷⁸ NSW Federation of Housing Associations (2017).

outcomes. In addition, it would be useful if the assessment were able to identify the particular attributes of cooperative housing that are connected with a given outcome.

4.5.2.1 Domains of measurement: Tenant satisfaction

Pawson et al. include tenant satisfaction measures in terms of 1) overall tenant satisfaction with landlord services, and 2) tenant satisfaction on repairs service, property condition, and neighbourhood quality. International cooperative housing research suggests high levels of satisfaction amongst residents of both leasehold/rental and limited-equity cooperatives. This research has predominately consisted of small-scale qualitative studies that would benefit from being scaled-up, or large-scale surveys that have not included control variables (which, as discussed, limits analytical value).⁷⁹

Tenant satisfaction can be readily measured through standard survey methodology. The National Social Housing Survey (NSHS) has an established survey tool that could be adapted for use.⁸⁰ The survey is written in plain language, has been rigorously tested, can be self-filled by participants and uses standard measures such as a five-part Likert scale (Strong Disagree – Strong Agree) to assess tenant satisfaction. However, standard demographic control variables such as age, gender, income, and employment status should also be included, as currently this information is only minimally collected and not included in reporting for the NSHS.⁸¹ To achieve this aim, consideration should be given to the inclusion of a typology of cooperative housing, for incorporation as standard control variables.

4.5.2.2 Domains of measurement: Tenancy sustainment

Tenancy sustainment is the “proportion of recently-housed tenants whose tenancy remains intact after a given time period (e.g. 12 months)”.⁸² A lack of sustainment (of recently-housed tenants) may indicate a problem with the tenant/landlord relationship. In cooperatives, this involves tenants as well as other tenants as landlords. Pawson et al. point out that sustainment has the advantage of being measured using administrative data, rather than relying on survey methods. In addition, tenancy sustainment is already measured for public housing providers on an annual basis.

4.5.2.3 Domains of measurement: Change in social/economic participation

In traditional social housing research, a primary concern has been the connection between secure housing and employment. Pawson et al.’s method offers a broader conceptualisation of tenant outcomes, but connects these outcomes predominately with the work of housing providers. Specifically, individual tenant support and additional tenant and community services are postulated to be connected with changes in tenant household social/economic participation.

⁷⁹ For example, see Canada Mortgage & Housing Association (CMHC) (2003).

⁸⁰ Australian Institute of Health & Welfare (AIHW) (2017); Lonergan Research (2016).

⁸¹ Australian Institute of Health & Welfare (AIHW) (2017); Lonergan Research (2016).

⁸² Pawson et al. (2015, p. 46).

It is recommended that consideration be given to resident agency (as outlined above). The starting assumption here, that resident agency is also connected with changes in tenant household social/economic participation, is to a degree supported in international cooperative housing research that identifies a range of social and economic participation benefits connected with taking part in ongoing cooperative housing governance practices.

For instance, research in Australia on leasehold/rental cooperatives has identified skills development such as writing job applications and relationships skills,⁸³ the acquisition of life skills,⁸⁴ and employment, education and training outcomes.⁸⁵ In Canada, the acquisition of social, financial and operational skills has been identified.⁸⁶ In the UK, a higher proportion of tenants are in work after 12 months,⁸⁷ and in limited-equity cooperatives residents were able to use skills developed through involvement in their cooperative to improve their employment outcomes.⁸⁸ These and other related studies provide a valuable starting point for further methodological development.

The Canada Mortgage and Housing Corporation (CMHC)⁸⁹ suggests a range of measures that might provide a survey framework for measuring tenant household social/ economic participation outcomes, touching on:

- Acquisition of new skills
- Improvement of older skills
- Enrolment in formal education courses
- Completion of educational qualifications
- Finding a new or better job
- Starting a business
- Beginning to work outside the home
- Volunteered time

The challenge is connecting these outcomes with their related or causative factors. Any methodology will need to conceptualise and test connections between the cooperative housing model and reported outcomes. A tenant survey could also include a typology of tenants' activities within the cooperative.⁹⁰ This could provide a foundation for understanding the connection between particular types of tenant involvement in cooperative housing and social/economic participation.

4.5.2.4 Domains of measurement: Change in local social capital

Pawson et al.'s methodology postulates that (1) individual tenant support and (2) additional tenant and community services produce changes in local social capital. Our recommended approach would additionally seek to account for resident agency (as outlined above). The

⁸³ Ziersch & Anderson (2005).

⁸⁴ Arthurson et al. (2004).

⁸⁵ Association to Resource Cooperative Housing (ARCH) (2008).

⁸⁶ Leviten-Reid & Campbell (2016).

⁸⁷ Lang & Mullins (2015).

⁸⁸ Birchall (1998).

⁸⁹ Canada Mortgage & Housing Corporation (CMHC) (2003).

⁹⁰ As per Leviten-Reid & Campbell (2016).

assumption that resident agency is connected with changes in local social capital is well supported in the international cooperative housing literature. In Australia, research has identified greater social networks in cooperative housing communities in South Australia.⁹¹

Canadian research identified cooperative housing outcomes as including large social networks and more social support,⁹² as well as a greater sense of community, strong relationships with friends and neighbours, and stronger social support amongst cooperative housing residents (as compared to residents of other forms of housing, including other forms of non-profit housing).⁹³ In the UK, higher resident satisfaction, including greater feelings of autonomy and stronger job outcomes amongst cooperative residents has been identified.⁹⁴ In the USA, residents in limited-equity cooperatives have been found to help and encourage each other with job applications,⁹⁵ to experience greater social capital and cohesion,⁹⁶ and to have stronger social networks and support.⁹⁷

Stone provides a conceptual overview of social capital and collates theoretically informed approaches to measuring social capital that could provide a valuable platform for survey development.⁹⁸ In addition, Ziersch and Arthurson's research demonstrates social capital measurement in housing research.⁹⁹ Their questionnaire included questions about: resident perceptions of socio-economic diversity; feelings of the degree to which they belonged within the locality; involvement in neighbourhood networks (including school/education-related group, community group, ethnic club, social action, justice or lobby group, sports/recreational/hobby group, local government, cooperatives, political party or political campaign, work-related group, and 'other'); and, involvement in informal neighbourhood networks (e.g. frequency of socialising with neighbours).

That survey also included control variables of housing tenure (five tenure types were compared) and demographic variables (individual income, years in the area, age, gender). The *Household, Income and Labour Dynamics in Australia* (HILDA) survey, a 17,000 household-based panel study that collects information about economic and personal well-being, labour market dynamics and family life, also includes questions that could provide a survey foundation.¹⁰⁰ For instance, neighbourhood interaction and perceived social support scales have been used to evaluate social capital and connection in related research.¹⁰¹

⁹¹ Ziersch & Arthurson (2005): see also Association to Resource Cooperative Housing (ARCH) (2008) on connections between cooperative housing and social capital.

⁹² Leviten-Reid & Campbell (2016).

⁹³ Canada Mortgage & Housing Corporation (CMHC) (2003).

⁹⁴ Lang & Mullins (2015).

⁹⁵ Saegart & Winkel (1998).

⁹⁶ Sazama (2000).

⁹⁷ Bessmer (2007).

⁹⁸ Stone (2001).

⁹⁹ Ziersch & Arthurson (2007).

¹⁰⁰ Household, Income & Labour Dynamics in Australia (HILDA) (2018).

¹⁰¹ See for example usage in Stone & Hulse (2007, pp. 64-65), where "items showing the extent to which respondents agree that neighbours help one another and that neighbours do things" are used to evaluate neighbourhood interaction, while ten questions about feelings of loneliness, frequency of visits from others and quantity of friends are combined to create a scale for assessing perceived social support.

4.5.3 Additional domains and the program logic approach

There is scope to consider additional domains of social value beyond those identified in Pawson et al.'s methodology. Additional domains may be identified as outcomes of the value inputs measured in that model, or may be considered as additional domains of social value connected with other inputs, particularly those associated with tenant agency. We also comment below on the suitability of the methodology for promoting diversification of the cooperative sector with a greater mix of shared and market equity models.

First, health and well-being are connected with housing. For instance, research identifies connections between housing tenure, affordability and well-being¹⁰² and cooperative housing research suggests that there may be particular connections to well-being. For instance, in Australia there is evidence that cooperative housing residents in leasehold/rental communities have a stronger self-perception of physical and mental health.¹⁰³ In limited-equity cooperatives in Germany cooperative residency has been suggested as connected with lower care needs and costs.¹⁰⁴ In the USA, there is an identified link between social capital and emotional health, with cooperatives argued to lead to greater social capital which stimulates emotional health.¹⁰⁵

The proposed research could investigate the capacity to evaluate health and well-being outcomes of cooperative housing. The SF36 measure, a 36-item short-form health survey,¹⁰⁶ as used in the HILDA surveys, provides a rigorous and tested methodology that could be adapted for this purpose. The SF36 measure is suitable for participant self-reporting. It considers a range of aspects of subjective physical and mental health from broad evaluations of overall health, participant perceptions of health changes over time, activities typically undertaken in a day (walking up staircases, bending and kneeling, bathing/dressing oneself), impacts on everyday life of emotional problems, and so on. The 36 items can be combined to create eight sub-scales covering different aspects of health. Smith et al., for instance, use the mental health component of HILDA in their study of well-being amongst a group of people they term 'precarious' homeowners.¹⁰⁷

Also in the area of well-being, Sen's capabilities approach could be used to form a framework for measuring social housing outcomes.¹⁰⁸ Sen's approach to social justice and well-being takes the perspective of potentialities. It is not what the person does or is doing (their 'functioning') but what they are capable of (the set of all possible 'functionings' for the individual) which determines their well-being.¹⁰⁹ As it affords a degree of agency on the individual, with regards to what they actually do, Sen's approach may be the appropriate framework for the cooperatives context - where freedom of choice and tenant agency are important. The capabilities approach also guides the NSW Government's *Human Services Outcomes Framework* as described below.¹¹⁰

¹⁰² Wood et al. (2015); Smith et al. (2017).

¹⁰³ Association to Resource Cooperative Housing (ARCH) (2008).

¹⁰⁴ Borlough & Westerheid (2012).

¹⁰⁵ Bessmer (2007).

¹⁰⁶ Rand Corporation (2018).

¹⁰⁷ See, for instance: Smith et al (2017).

¹⁰⁸ Sen (1993).

¹⁰⁹ Sen (1993); Nicholls (2010); Morris (2009).

¹¹⁰ Family & Community Services (FACS) (2016; 2017).

Second, there is scope for evaluating connections between cooperative housing and sense of home, including senses of security, belonging and 'homeyness'.¹¹¹ There is some evidence in Australia, for instance, that residents of leasehold/rental cooperatives have a stronger sense of home.¹¹² There are important connections between senses of home and well-being and ontological security that may be considered. Questions of secure occupancy may also be considered, with evidence from Canada, Germany, and the UK¹¹³ suggesting that leasehold/rental cooperatives offer greater security of tenure. Hulse and Milligan's secure occupancy framework could be considered for conceptualising this effect.¹¹⁴ Their work identified three primary sets of security: that originating in legal frameworks; that originating in culture and practice; and, perceptual security (i.e. tenants' sense of security). These might inform the framework for policy analysis, a large-scale survey, and/or in-depth interviews.

Third, consideration of housing quality and condition should be included. Pawson et al.'s model emphasises tenant satisfaction with housing quality. However, there is also value to be gained by developing a more objective measure of housing quality. The National Social Housing Survey provides a tested survey framework that could provide a foundation for tenant reporting of housing quality.¹¹⁵ Housing quality and condition can also be externally assessed through research visits to housing.¹¹⁶ This would offer a more objective assessment of housing quality and condition, but as a research method it would also be time consuming and expensive to administer.

We have provided a comprehensive account of the options for measuring social housing outcomes. Moving forward, we recommend following the NSW Government's *Human Services Outcomes Framework*.¹¹⁷ This is aligned with Pawson et al.'s cost-consequences analysis as it also follows a program logic approach. A program logic approach begins with an identification of the change that is intended from a social project, or in this case an aspect of social housing delivery (whether that occurs through the actions of a social landlord, or tenants as landlords, or both).

Indicators for the relevant program objective can then be developed and, when applied consistently, used to assess the change and the performance of the program. The indicators will come from the list of indicators discussed in this section - but it is the connection (or logic) between the outcome sought and the aims of social housing delivery and cooperative housing delivery that will determine the appropriate indicator. This program logic approach and the *Human Services Outcomes Framework* are embedded within the recommended methodology described below.

Finally, the methodology we propose is necessarily aimed at the social housing sector due to the current lack of scale and visibility for the shared and market equity cooperative sectors.

¹¹¹ Blunt & Dowling (2006).

¹¹² Association to Resource Cooperative Housing (ARCH) (2008).

¹¹³ Canada Mortgage & Housing Corporation (CMHC) (2003); CECODHAS Housing Europe & ICA Housing (2012); Lang & Mullins (2015).

¹¹⁴ Hulse & Milligan (2014).

¹¹⁵ Lonergan Research (2016).

¹¹⁶ See, for example: Canada Mortgage & Housing Corporation (CMHC) (2003).

¹¹⁷ Family & Community Services (FACS) (2017).

However, an extension to the cost-consequences approach to measure values and cost effectiveness in shared and market equity cooperatives will be essential to diversifying and growing the cooperative sector. The main difference is the target audience. In the case of social housing, the main target audience is the government sector and the cost consequences approach fits this audience well. In the case of shared and market equity models of housing, the main target audience is the potential cooperative member. The government sector and their planning authorities are also important, but the relevant social value is related to housing affordability rather than the social capital, health, employment, and wellbeing outcomes from social housing provision. Secondly, developers and local planners are important stakeholders. That is, if consumers and the government can be convinced of the value of cooperatives, appropriate incentives (either through pricing, subsidies or regulations) will then be provided to developers and planners.

Growing the sector mainly requires convincing consumers of the benefits of cooperative living, which is a twofold task. First, consumers may be able to build up equity faster in cooperative housing or live more cheaply in cooperative housing than private rental or standard home ownership. To demonstrate this, the cost consequences approach we propose will be useful because it will establish the ‘management activities’ that are performed by members and therefore not subject to costly strata or real-estate management. The management activities will change in comparison to social housing provision, but the approach can be extended to the private sector and used as an information source for potential cooperative members. Second, members access other values from cooperative living such as social capital and improved employment outcomes. In comparison to rental housing, shared and market equity cooperative living also offers autonomy, stability and integrity. Thus, the cost-consequences approach we propose can be readily adapted with extra outcomes measures related to autonomy, stability and integrity if these are not measured implicitly in outcomes being measured. The results of the cost-consequences analysis can then be used to develop materials to build demand for cooperative living.

For the government audience, the cost consequences approach can be used to demonstrate how and why cooperative housing can be delivered more cheaply than other housing models and therefore improve housing affordability. In addition, the cost consequences approach measures social outcomes per unit of resource input. This would allow the cooperative sector to argue that housing affordability is best delivered through this governance structure. That is, there are many options for improving housing affordability such as micro-apartments, cohousing and sharehousing. Demonstrating the social benefits of private-sector cooperative housing and how these outcomes link to inputs using the cost-consequences approach would provide data through which to justify government sector favour of cooperative housing, or for overlaying the cooperative housing governance model over other physical models of housing affordability. Thus, in summary, the cost consequences approach, suitably extended for the private sector, is a valuable resource for growing shared and market equity models

4.6 Concluding comments and recommendations

4.6.1 Summary

A systematic approach to measuring efficiency and effectiveness is essential for justifying and directing appropriate growth in the cooperative housing sector. The approach must allow comparison with the social housing sector, and for this reason we recommend building the methodology around Pawson et al.'s cost-consequences analysis. It is also recommended as it has been endorsed by government. We have suggested that the approach needs to be developed in two areas. First, as Pawson et al. recognise, they have not developed the measures of social outcomes to the extent they have developed their approach to measuring costs.¹¹⁸

Second, due to the limited size of the cooperative sector in Australian social housing markets, the measurement of costs and outcomes in Pawson et al. has not been developed with cooperatives in mind. When tenants have a great deal of agency and are landlords as well as tenants, the worksheets used will need to be substantially adjusted in order to capture the work tenants do and accurately record the cost of this work. Similarly, outcome measures like economic and social participation, social capital, and even tenancy sustainment, will reflect the impact of tenants as landlords and may need to be adjusted to account for this impact.

Holding constant the cost reductions that arise from economies of scale and other key control variables, the cooperative sector should perform well on the basis of cost-effectiveness (management costs per unit). This is because landlord services performed by tenants cost far less than the same services performed by a provider. In and of itself, this would provide a strong argument for continued and improved funding of the cooperative sector relative to other forms of social housing. It would also help to establish the argument for asset transfer from the NSW government to the cooperative sector. Appropriate asset transfer would also facilitate growth in the cooperative housing sector, as the asset base could then be leveraged to design and secure debt financing for the development of new housing stock.

On the outcomes side, the evidence suggests that cooperatives perform well relative to other social housing forms, although at this stage there has not been a measurement approach that allows comparison across tenure forms. However, given the choice of social housing forms, tenants who choose cooperatives are displaying a preference for this form. Thus, social value is increased simply through the diversity in social housing forms. This too is a powerful argument for continued and increased funding for the cooperative sector, and further substantiation would no doubt improve support for the model.

Cooperative providers also stand to benefit from an accurate detailing of costs and outcomes. Measuring costs in the disaggregated way suggested by Pawson et al. will allow cooperative providers to determine how to most effectively allocate funds. For example, in some cases it may be more cost effective for providers to directly manage part of the landlord duties currently performed by tenants. This might occur because cooperative providers have experience with certain functions and can perform tasks relatively quickly. It may also occur where increased time is required to manage the cooperative board when tenants undertake particular tasks.

¹¹⁸ Pawson et al. (2015, p. 18).

4.6.2 Recommendations

Our core recommendation is to conceptually develop the cost-consequences analysis and program logic approach outlined in the NSW Government's *Human Services Outcomes Framework* and adapt it for use with the cooperative housing model. This involves the following steps:

Step 1: Map the social housing typology resulting from our desk-based research and test this in workshops with providers. This step will confirm the key variables that ultimately determine the costs and outcomes delivered through different social housing forms. Clearly the main category of difference is whether social housing is delivered through public housing, directly managed community housing, or cooperative housing. However, there are a number of other key characteristics of different social housing forms, which we would develop into a systemised typology.

Step 2: Develop Pawson et al.'s cost worksheets¹¹⁹ and approach to measuring costs based on the new typology and the inclusion of tenant agency and test these in workshops with providers and cooperative members.

Step 3: Draw on the NSW Government's *Human Services Outcomes Framework* to develop appropriate indicators. This step involves workshops with service providers to discuss the change outcomes being sought through social housing and cooperative housing delivery. As the aims of cooperative housing may differ from other forms of social housing, the specific change outcomes and indicators may differ. While this limits comparability across social housing forms, it is expected that there will be enough cross-over to allow comparison, and fundamentally the program logic approach assesses outcomes based on the different aims of social programs.

Step 4: Develop the outcomes methodology. The specific configuration of this will depend on the results of Step 3 but, for example, may involve developing a survey of tenant satisfaction that allows measurement of key variables (overall satisfaction and those identified by Pawson et al. - repairs, property, neighbourhood) and comparison to other forms of social housing.

This step may involve use of the methodology in the National Social Housing Survey or the NSW Federation of Housing Associations survey. Second, outcomes measures may require an approach to measuring economic and social inclusion that allows comparison across social housing forms. Third, this step may involve development of an approach to measuring social capital that allows comparison across social housing forms. In addition, it may be possible to utilise the HILDA survey as it involves several questions that could be regarded as measuring social capital as well as well-being. For ease of comparison and analysis, we also recommend that statistical matching methodology—such as propensity score matching,¹²⁰

¹¹⁹ Pawson et al. (2015, Appendix 1-4).

¹²⁰ Dehejia & Wahba (2002).

and statistical methods such as latent variable analysis¹²¹—be explored to facilitate comparison with existing databases and to provide a summary indicator of social capital.

Step 5: Test and improve worksheets and test and improve surveys through a pilot study. Results can include substantive conclusions about internal resource allocation (that is, within provider/cooperative), as well as further development of the method for government submissions.

¹²¹ Anand et al. (2011).

5 The Australian context

5.1 Overview

Australia's sector is an exceptionally small component of the overall housing system and dominated by rental cooperatives. In 2017 there were over 3,200 rental cooperative properties in Australia in roughly 200 cooperatives, with the majority in New South Wales, South Australia, and Victoria.¹²² Members of rental cooperatives live in homes that are owned by either the government or a cooperative housing peak body, paying a rent that is indexed to income. Income limits apply at the point of entry into the cooperative at least, and limits vary between jurisdictions.

Most rental cooperatives self-govern and self-manage, collecting their own rents and conducting or overseeing required property repairs and maintenance. In NSW and Victoria, some of those functions may be performed by peak bodies where cooperatives have nominated for this to be the case. The rental cooperative landscape in Australia is relatively well known, with numerous reports outlining its composition and performance¹²³ and flagging potential issues regarding expansion and diversification.¹²⁴ Given that this latter point of expansion and diversification is the core focus of the Network's considerations for the future, the next section focuses on the current equity cooperative landscape in Australia. That is followed by an overview of the history of cooperative housing societies in Australia, as part of the consideration of how future growth might be supported.

5.2 Equity cooperatives in Australia

The number of equity cooperatives in Australia is currently unknown, partly because there are no sector-specific peak bodies to represent or advocate for these housing cooperatives. Such cooperatives are sometimes visible in databases of cooperative peak bodies more broadly (such as Co-operatives NSW), but only if they are members of the peak body and if their name suggests a role in housing. In addition, research and data on intentional communities¹²⁵ can highlight the existence of individual equity cooperatives as these are sometimes used as the organisational form for an intentional community (IC), but no research in Australia has yet sought to fully enumerate the equity cooperative sector.¹²⁶

A note on the overlap between the housing cooperative, co-housing, and IC sectors in Australia is warranted. The Australian equity cooperative sector is unusual - perhaps unique - in comparison to Northern American and European countries, as it is currently

¹²² Seaborn (2017).

¹²³ For example, see: Alt Beatty and Elizabeth Rowe Consulting (2008); Association to Resource Cooperative Housing (2008); Bunce (2013); Gilmour (2012); Goodman & Phibbs (2015); Seaborn (2017).

¹²⁴ For example, see: Cheong (2011); Federation of Housing Collectives (2010).

¹²⁵ For example, see: the database at Cohousing Australia (n.d.); and the Fellowship for Intentional Communities (n.d.a.). Such directories are only as comprehensive and up-to-date as the data provided, and many intentional communities also choose not to identify themselves as such publicly.

¹²⁶ Crabtree (2018) provides an overview of self-organised housing in Australia, including cooperatives and intentional communities.

overwhelmingly aligned with both co-housing as a design and lifestyle model, and ICs as a lifestyle model or philosophical orientation. By comparison, in Sweden, cooperative housing is seen as an entry-level market-rate housing product that is not a part of an affordable housing landscape and does not have a singular design philosophy. In the USA, market-equity cooperatives operate as an alternative to the equivalent of strata title (condominiums) as a mechanism for owning and managing multi-unit housing and are found throughout market-rate high-rise apartment complexes, especially in New York City. In addition, in the USA, limited-equity cooperatives operate primarily as an affordable housing model, holding title to apartment buildings and mobile home parks.

In contrast to those sectors and as with our rental cooperatives, Australia's market-equity cooperatives are small in scale, with each numbering in the dozens of households at most. Australia currently has no analogue of limited-equity cooperatives although as explained below, homes in Australian market-equity cooperatives can sometimes be affordable.

Therefore, due to the unusual sector composition in Australia, discussion of the country's existing market-equity cooperatives by and large means discussing both co-housing and ICs. However, the expansion of limited-equity and market-equity cooperatives in Australia need not mean the expansion of either of these, although it could due to the overlap between all three - cooperatives, co-housing, and ICs.

Co-housing design focuses on socially and environmentally sensitive housing such that individual homes or apartments are compact and balanced with shared spaces such as large-scale kitchen and dining facilities, meeting rooms, guest rooms, laundries, and so forth according to community aspirations. These are intended to foster and support community while also maintaining household privacy.

Many co-housing developments also include environmentally sensitive features such as solar passive and active design, water collection and/or treatment, low-impact and/or recycled materials, onsite food gardens, and others.¹²⁷ Many of the design features of co-housing are starting to diffuse out into the broader housing system (albeit unevenly), with both market-rate and social housing showing greater attentiveness to the extent and quality of both shared spaces and environmental outcomes.

Given the overt social orientation of co-housing, many co-housing communities choose a cooperative as their legal structure as the cooperative framework is appropriate for embedding community objectives and practice. In addition, because of the overt orientation to social cohesion, a co-housing community may choose to identify as an IC, defined by the Fellowship for Intentional Communities as “[a] group of people who live together or share common facilities and who regularly associate with each other on the basis of explicit common values.”¹²⁸

While all cooperatives require the active involvement of their membership and by their nature and operation require a degree of intentionality, the broader or deeper lifestyle orientations of ICs are not a compulsory requirement of housing cooperatives. The

¹²⁷ See Crabtree (2006).

¹²⁸ Fellowship for Intentional Communities (n.d.b)

intentionality of ICs tends to limit their size as the scale is frequently determined by the number of willing, able, and interested households. A frequently cited rule-of-thumb is that one in ten ICs will survive from an idea to a completed development, and that it will take ten years to do so.



Figure 2. Pinakarri Co-housing Community in Fremantle, WA

Both a co-housing community and a cooperative. It combines a rental housing cooperative with an equity cooperative within the one development and balances individual compact units and shared open spaces with the double-storey common house at left.

Source: author photo.

The existing IC directories¹²⁹ suggest Australian ICs number in the dozens and consequently market-equity cooperatives would represent a similar number as some would be a subset of those ICs; however others might exist that are not counted in such databases. Some ICs that are market-equity cooperatives have public profiles¹³⁰ and as such offer an entry into the legal and other structural and operational parameters, from which some basic information can be drawn as to how at least some of this sector operates.

Market-equity cooperatives are incorporated under the relevant state cooperative legislation – most recent of which is the state-based adoption of the *Co-operatives National Law, 2012*. The Australian Capital Territory, New South Wales, the Northern Territory, South Australia, Tasmania, and Victoria have all passed local legislation to adopt that law. Queensland and Western Australia are still considering its adoption, with Queensland moving further away from adoption and Western Australia moving closer.

Due to the age of existing market-equity cooperatives, most pre-date that legislation and so are incorporated under pre-existing legislation. Under that legislation, the cooperative would be bound by its Rules, under which the cooperative could make Bylaws to govern much of the day-to-day occupancy of the cooperative's homes.¹³¹ For ICs, the Bylaws often uphold the

¹²⁹ Cohousing Australia (n.d.); Fellowship for Intentional Communities (n.d.a.).

¹³⁰ For example see: Goolawah in NSW (<https://goolawah.org/>); Bundagen in NSW (<http://bundagen.org.au/>); Beranghi in NSW (<http://www.beranghi.org/>); and Moora Moora in Victoria (<http://mooramooraa.org.au/>).

¹³¹ For example, see the Rules and Bylaws of Goolawah Cooperative (n.d.).

social and/or environmental objectives of the community and so specify details such as pet and livestock ownership, waste management, flora considerations, site occupancy, dwelling types, and so forth.

As with other legal IC structures, some non-urban market-equity cooperatives have been able to pool members' finances to buy land at relatively affordable rates due to its location, its zoning, and/or the date of purchase, with many ICs buying land some decades ago. In these scenarios, residents pooled money and set up a cooperative to issue shares and buy land on which residents built their homes, sometimes at very low cost. For some, the low initial land cost and self-built nature of the housing have translated into share prices remaining relatively affordable. Where ICs have remained affordable, this has generally been a product of the housing stock and location and the relatively small scale of the IC market, rather than any affordability requirements or conditions written into the communities' documents.

More recent land purchases by ICs that are operating as market-equity cooperatives have involved higher land costs whether in cities or in regional areas as land values and commuting patterns spread out from major centres. This highlights the need for models that can bring affordable stock into an equity scenario. In higher cost locations, communities have had to be persistent and creative with regards to how funds are raised, usually relying on member and/or philanthropic input to provide initial finance. This can be in the form of donations or a variety of interest-free loans that are repaid as the development becomes established and stabilised.

While at times extraordinary in terms of the generosity and vision of participants, and in terms of outcomes, this can be a time consuming and fraught process. Certainly, it is neither an easily replicated or scaled process nor a guaranteed one, and many would-be ICs fail or face protracted processes of revising their options due to the price of land and/or inability to access appropriate financing – this is one factor that contributes to the rule of thumb outlined earlier.

To date, only two developments combine market-rate and lower-income housing via cooperative models: Pinakarri Co-housing Community in Fremantle (see **Figure 2**) and BEND in Bega. Pinakarri was developed in partnership with the state and combines a private equity cooperative with a public rental cooperative, while BEND is a community title ecovillage development that incorporates a rental cooperative as a subsection of the development. The market-rate housing in BEND is not held by a cooperative.

5.3 Cooperative housing societies in Australia

While currently an absolutely minor component of the home lending landscape, Australia's cooperative housing societies have at times played a substantial role in enabling residents to access funds to build or buy homes. From a gradual start over the 19th and 20th centuries, the societies grew rapidly through the 1950s and 1960s, declined in the 1970s, had a brief rally in the 1980s followed by ongoing decline from the 1990s. Their history shows that their viability has consistently hinged on the willingness of either government or private agencies to provide funds, as well as the provision of government guarantees.

Several factors, including the influx of military personnel returning from WWII, triggered a shortage in housing construction as the Australian financial sector was too poorly developed to provide capital to the extent required.¹³² This provided a gap that the societies emerged to fill as the State governments of both New South Wales and Victoria promoted these as a way to address growing concerns about the availability and quality of housing. Backed by government support, the societies were able to lend where banks would not:

The main justification for the promotion of cooperative housing societies, therefore, was that the major banks were reluctant to involve themselves in the financing of housing for middle and lower income earners.¹³³

In New South Wales, the *Housing Improvement Act 1936* articulated the State government's role in supervising the societies and guarantee of the repayment of the societies' funds. Prior to this Act, the societies had raised funds by pooling their members' resources; therefore, in enabling them to access both government and private lending, the Act triggered their rapid growth. Victoria followed New South Wales' lead with its passing of the Cooperative Housing Societies Act in 1944. In both States:

The normal procedure for establishing a society was for a group of people with some community of interest (residential, ethnic, occupational, religious, or recreational) to meet and elect a tentative board of directors which would negotiate with a financial institution for funding. The societies were nonprofit, mutual organizations and had a fixed life span, usually twenty-five to thirty years. Members purchased a number of shares, the number depending on the size of the loan required. Monthly subscriptions were paid on each share plus a margin for interest. As the subscriptions were received the indebtedness of the society was reduced and when the loans were completely repaid the society was wound up.¹³⁴

The societies borrowed wholesale funds from private or government lenders against a guarantee by the state government and retailed the funds to members for the purpose of building (and later also buying) a home. In Victoria, the State Savings Bank of Victoria provided funds through the 1940s and 1950s but was superseded by the Commonwealth Bank, which saw the societies as a ready path into the housing finance market.¹³⁵

A pivotal moment came in 1956 when the third Commonwealth-State Housing Agreement (CSHA) was signed, under which initially 20 per cent and later 30 per cent of Commonwealth funding for housing was directed towards the lending activities of cooperative housing societies.¹³⁶ This was a more moderate position than incumbent prime minister Menzies' earlier objection to a Commonwealth role in housing that, while it enabled the expansion of middle-class homeownership, did this at the expense of funds for public housing and "ultimately had the effect of destroying the public housing programs."¹³⁷

¹³² Abbott & Doucouliagos (1999).

¹³³ Abbott & Doucouliagos (2001, p.228).

¹³⁴ Abbott & Doucouliagos (1999, p.117).

¹³⁵ Abbott & Doucouliagos (1999).

¹³⁶ Troy (2012); Abbott & Doucouliagos (1999).

¹³⁷ Troy (2012).

The 1956 CSHA prompted the expansion of cooperative housing societies into other jurisdictions, with Queensland, South Australia, Tasmania, and Western Australia all subsequently passing legislation to enable the formation of societies that could either access CSHA funds or receive a government guarantee on private funds.¹³⁸ Subsequently the societies peaked as a proportion of the mortgage lending market in the 1950s, when they funded over 30 per cent of housing construction in both New South Wales¹³⁹ and Victoria.¹⁴⁰ Through the 1960s, policy mandated that the funds be used for households on limited incomes. Overall, through the 1950s-1970s lending regulations imposed on the societies was less than that imposed on the banks, which remained structurally unable to provide home loans in the States.¹⁴¹ However, in the 1970s both savings banks and permanent building societies surpassed the cooperative housing societies.

While it might be thought that the banking deregulation of the 1980s would have undermined the sector, it instead caused a brief resurgence due to two factors. First was the permanent building societies declining in the face of deregulation. Second was a temporary upswing in the willingness of banks to lend to the cooperative housing societies, due to the banks' accumulation of surpluses. At this time the societies were also receiving public funding through FANMAC Ltd, a government corporation accessing secondary mortgage markets.¹⁴² This flurry of renewed activity did not last, with all jurisdictions withdrawing guarantees and funding in the 1990s. Subsequently, the societies struggled to raise funds.

Analysis of the societies' history shows that their viability is tied to the regularity of funding and the broader rate of housing construction.¹⁴³ Moreover, it has been suggested that the Commonwealth Bank was able to use the societies to smooth out lending cycles and subsequent construction cycles:

More consistent funding arrangements would have enhanced the contribution of housing societies to housing construction.... the Commonwealth Bank may have used housing societies as a counter-cyclical measure. During certain housing construction slumps, Commonwealth Bank lending to housing societies rose substantially.¹⁴⁴

The same authors conclude that there may be a contemporary role for publicly-guaranteed societies to re-emerge as channels for funds from superannuation funds, insurance funds, and other financial entities.¹⁴⁵ It is worth noting that the societies have been found to be relatively inefficient and that may have made them more vulnerable to competition from other lending providers. It is unclear whether that inefficiency was due to management problems, or inherent to their form¹⁴⁶, but some societies did fall prey to unscrupulous management in the 1960s.¹⁴⁷ However, research has also suggested that members may have

¹³⁸ Abbott & Doucouliagos (1999).

¹³⁹ Abbott & Doucouliagos (2001).

¹⁴⁰ Abbott & Thomson (1997).

¹⁴¹ Abbott & Doucouliagos (1999; 2001).

¹⁴² Abbott & Doucouliagos (2001).

¹⁴³ Abbott & Doucouliagos (1999).

¹⁴⁴ Abbott & Doucouliagos (1999, p. 129).

¹⁴⁵ Abbott & Doucouliagos (1999).

¹⁴⁶ Abbott & Doucouliagos (2001).

¹⁴⁷ Darnell (2006).

been willing to forgo some aspects of efficiency in return for the satisfaction derived from membership.¹⁴⁸

5.4 Preliminary issues for growth and diversification

The future diversification of the cooperative sector raises five preliminary issues for exploration. First is the viability of individual projects. This means that consideration has to be given to how individual projects and overall organisations' portfolios such that projects and organisations are economically viable. CEHL has experience in bringing a mixed-income, mixed-tenure development online with its Gipps St project in Abbotsford,¹⁴⁹ so expansion into the inclusion of limited- and market-equity cooperative options within a development can build on that knowledge base. This also requires identification of suitable markets and awareness raising regarding equity cooperative models; however, focus group research into resale-restricted home ownership has revealed interest amongst 25-34 year-olds.¹⁵⁰

Second, and as a core part of that viability, the sector peak bodies ideally need to be able to grow and be viable at scale. International experience and the case of CEHL in Victoria demonstrate that cooperative sectors thrive best when well regulated yet empowered to grow on the basis of title over their asset base.

Third, and of vital importance for growth in Australia, is the need for financial institutions to provide lending to the sector, both at an organisational level and to residents looking to buy into either limited-equity or market-equity models. This suggests that this sector may have a role to play in future research and that community banks, mutuals, and credit unions might be the most appropriate starting point due to shared objectives. The history of the government guarantee of sector-based lending is interesting to revisit in this regard and in the context of the recent federal establishment of the National Housing Finance and Investment Corporation.

Fourth is examination of the relationship between the sector and the state and the potential future pathways of this relationship, as international evidence suggests housing cooperative sectors thrive best when both regulated and enabled by the state – a model termed 'embedded autonomy'.¹⁵¹ This combines a supportive regulatory framework and institutional context (such as the existence of peak bodies and sector networks) with enough independence to be able to grow according to the strengths and opportunities of the sector.

Fifth is the impact of the legal and regulatory framework on the expansion of cooperatives. The intersection between cooperative regulation and community housing legislation needs examination to determine if and how equity models can be developed by existing or newly-formed providers. The impact of expansion into equity models on providers' status as not-for-profit entities also requires review.

¹⁴⁸ Abbott & Doucouliagos (2001).

¹⁴⁹ The development combines 25 cooperatively managed units, six disability adapted units, and 29 privately owned units (CEHL, 2018).

¹⁵⁰ Publication of this research by Crabtree and others is pending.

¹⁵¹ Ganapati (2010).

5.5 Summary

In all, Australia's sector is small but shows opportunities and models for growth and diversification, particularly given ongoing issues regarding housing affordability (especially for first home buyers) and growing awareness of the benefits of supportive living and community environments. Growth and diversification of the sector will require review of legal and financial issues as well as a strategy for awareness raising and market testing.

Websites of Australian examples of equity cooperatives:

- Beranghi, NSW. <http://www.beranghi.org/>
- Bundagen, NSW. <http://bundagen.org.au/>
- Goolawah, NSW. <https://goolawah.org/>
- Moora Moora, Vic. <http://mooramooraa.org.au/>

6 International housing cooperative sectors

6.1 United States of America

6.1.1 Overview

While a tiny subsection of the national housing system, the cooperative housing sector in the USA is one of the world's most diverse in terms of equity arrangements. The sector comprises leasehold, limited-equity, and market-equity models. It is difficult to ascertain accurate numbers for the USA housing cooperative sector. According to CECODHAS Housing Europe and ICA Housing ('CECODHAS/ICA'), in 2012 cooperatives comprised one per cent of all housing units in the USA.¹⁵² The CECODHAS/ICA figures are perhaps the most widely-cited figures on the size of the USA sector, according to which, in 2012 6,400 housing cooperatives comprised 1.2m dwellings of 121m nationally. Of these, 425,000 were limited- or zero-equity dwellings and 775,000 market rate dwellings. According to that report, 'well over half of the US cooperatives are in metropolitan New York City and most of those are market rate. Most new cooperatives in the rest of the country are affordable housing.'¹⁵³

However, those figures are an over-estimate of the extent of zero- and limited-equity cooperatives, as CECODHAS/ICA clarify that the 425,000: 725,000 split refers to the program under which the cooperatives were initially developed and that an unspecified but substantial number of the zero- and limited-equity cooperatives representing those 425 000 homes have since changed their orientation and transferred to market-rate cooperatives.¹⁵⁴ It is not clear from existing data whether leasehold cooperatives are considered separately to limited- and market-equity cooperatives, or if they would fall under the umbrella of limited-equity cooperatives in the national statistics. That unspecified number of leasehold cooperatives are used:

...in situations where the non-profit [property owning] partner wants to maintain some kind of control over the on-going use and occupancy of the building; where the housing is intended to serve a population that is temporary or transitional (such as student co-ops); or to take advantage of specific types of financing that do not permit actual resident ownership, such as low-income housing tax credits.¹⁵⁵

In comparison to the CECODHAS figures, the 2015 American Housing Survey identified 773 cooperatives amongst its 118,290 surveyed homes, representing 0.65 per cent of the total surveyed homes, similar to the figure of 0.6 per cent in the 2005 Survey.¹⁵⁶ If the 2015 Survey figure is indicative at a national level, this represents a total of roughly 810,000 cooperative housing units in 2015.

¹⁵² CECODHAS Housing Europe & ICA Housing (2012).

¹⁵³ CECODHAS Housing Europe & ICA Housing (2012, p. 85).

¹⁵⁴ CECODHAS Housing Europe & ICA Housing (2012, p. 85).

¹⁵⁵ Northcountry Cooperative Foundation (2004, p. 6).

¹⁵⁶ The 2015 figure is sourced from the American Housing Survey table creator online at www.census.gov/ accessed 12 Apr 2018; the 2005 Survey figure is cited by Low et al. (2012), but note this is higher than the figure of 0.41 per cent that Ganapati (2010) also ascribes to the 2005 Survey.

Ongoing research by the Urban Homesteading Assistance Board (UHAB) is attempting to account for all of the 425,000 homes that were established as limited-equity cooperatives as per the earlier NAHC/CECODHAS figures. At February 2016, UHAB had contacted just under 300,000 of those units, and 166,608 were still limited-equity; a further 35,000 were identified as affordable due to their location and other factors, and as consequently representing potential limited-equity cooperatives should they choose to formalise themselves as such.¹⁵⁷

In addition, since 2008 the peak body Resident Owned Communities (ROC) USA, has provided assistance to mobile home residents looking to buy their community from its owner as a limited equity cooperative.¹⁵⁸ ROC USA states there are 1,000 mobile home communities nationally that own their homes as either market-rate cooperatives, limited-equity cooperatives, or models analogous to community land trusts in which the resident individually owns their home on community-owned land. This latter form is the least common and found mainly in California. The figure of 1,000 communities represents about 2 per cent of all mobile home communities.¹⁵⁹

The 218 communities that ROC have helped become limited-equity cooperatives comprise just over 14,000 homes, representing an average of 65 homes per community. If that average holds across all of the 1,000 communities, this represents some 65,000 mobile homes in market- and limited-equity cooperatives at a national scale. This does not attempt to account for the unspecified number of resident owned communities that use the third CLT-variant tenure type but as per ROC USA's assessment, these are assumed to be a minor component of the sector.

In comparison, the 2015 Housing Survey identified 5.8 per cent of surveyed homes as mobile homes and trailers, which would translate into 7.2m households nationally. Using the ROC USA claim that the 1,000 communities represent 2 per cent of all mobile home communities generates a total of roughly 144,500 mobile homes in various forms of cooperatives in 2015.

To summarise, it is difficult to ascertain the total number of housing cooperatives in the USA or their form. If the Housing Survey is representative, the total of identified cooperatives in 2015 was roughly 810,000 units and in 2016, of these 166,608 were known to be limited equity. Assuming that mobile home cooperatives are included within the total Survey count of cooperatives, we can also say that somewhere between 65,000 and 144,500 of those 810,000 units are mobile homes and that some of those are also limited equity.

6.1.2 Key insights from history

The establishment of housing cooperatives in the USA occurred in two main peaks. The first occurred after the first world war, during which time, high-income market-equity cooperatives were established in New York, San Francisco, and Chicago. In New York in particular, these were based on wealthy resident 'home clubs'; from this elite base the sector

¹⁵⁷ Urban Homesteading Assistance Board (UHAB) (2016).

¹⁵⁸ Resident Owned Communities (ROC) USA (2018).

¹⁵⁹ Resident Owned Communities (ROC) USA (2018).

gradually became more politically and socially progressive as evidenced by the adoption of the Rochdale principles.¹⁶⁰

In the early twentieth century, more than 10,000 limited-equity cooperative dwellings were built in New York City with union support; these survived the Great Depression whereas most of the market-equity cooperatives did not.¹⁶¹ Some research states that the remaining New York market-equity cooperatives are insular and exclusive, with members displaying low levels of civic engagement.¹⁶² An attempt was made in the mid-nineteenth century to create federal support for cooperatives, but failed:

If all the sections on cooperatives had been passed in the 1949 Housing Act, the National Mortgage Corporation for Housing Cooperatives would have been established to provide financial support to primary cooperatives nationwide... However, the corporation was not established due to opposition from private real estate lobbies. In its absence, nonprofits emerged to provide some support.¹⁶³

The second peak of affordable cooperative housing development was supported by a federal mortgage program through the 1950s (via the National Housing Act) and a federal subsidy program in the 1960s and 1970s.¹⁶⁴ The abolition of these support programs in the 1980s effectively ended the supply of new affordable cooperatives at scale.

New York City dominates the USA's cooperative housing landscape, with market-equity cooperatives comprising 80 per cent of common ownership¹⁶⁵ developments in the city over the 25 years to 2007, compared to 10 per cent of common ownership developments nationally.¹⁶⁶ However, since the 1990s, condominiums have taken over from cooperatives in New York City as the dominant form of new common-interest development and some cooperatives have converted to condominiums.¹⁶⁷

The State of New York made a remarkable contribution to the establishment of housing cooperatives through the Mitchell-Lama Housing Program that provided low interest mortgages and real property tax exemptions in return for cooperatives assuming income limits on residents, not-for-profit status, and oversight by the State's Department of Homes and Community Renewal. That program enabled the development of 269 cooperatives comprising 105,000 units of housing in New York.¹⁶⁸

The 20-year lifespan of the Mitchell-Lama cooperatives' terms has meant that many transitioned to market-equity cooperatives after that period. However, in response to the initial loss of stock due to those transfers, the State placed rent stabilisation requirements on

¹⁶⁰ Low et al. (2012).

¹⁶¹ CECODHAS Housing Europe & ICA Housing (2012).

¹⁶² Low et al. (2012).

¹⁶³ Ganapati (2010, p.377).

¹⁶⁴ Sazama (2000) provides a thorough history of the waves of affordable cooperative housing development in the USA and its policy support. See also: Ganapati (2010); Low et al. (2012).

¹⁶⁵ 'Common ownership' refers to collectivised property forms, such as condominiums and cooperatives.

¹⁶⁶ Schill et al. (2007).

¹⁶⁷ Schill et al. (2007).

¹⁶⁸ Homes & Community Renewal (2015).

Mitchell-Lama cooperatives that were buying themselves out of the program in areas under the jurisdiction of either the Rent Stabilization Law or the Emergency Tenant Protection Act.

6.1.3 Strengths and weaknesses

The housing cooperative sector in the USA is notable for its diversity but compromised by a lack of policy support¹⁶⁹ and as such remains a highly marginalised tenure form. The USA housing policy landscape has treated cooperatives variably over time, but has rarely provided substantial support. New York is exceptional in that cooperatives were supported by strong unions and local government, and so cooperatives remain a substantial component of the housing system in that jurisdiction.¹⁷⁰

At a national level, the National Association of Housing Cooperatives advocates for and provides training resources for cooperatives. In New York, the Urban Homesteading Assistance Board has played a central role in advocating for and supporting limited-equity cooperatives since the 1970s.

While a small sector, it has created some remarkable data. A substantial body of research surveyed 2,985 residents in 487 buildings that were transferred from New York City ownership to private ownership in a variety of tenures including limited-equity cooperatives and was able to compare a range of outcomes across tenure forms. Overall, that body of work found that public support of limited-equity cooperatives was warranted due their out-performance of other tenure forms with regards to management quality, crime levels, building quality, building security, tenant empowerment, and civic engagement.¹⁷¹ Very little research focuses on the social outcomes of market-equity cooperatives in the USA; research seems to focus on how and why they persist as common-interest property forms alongside condominiums, or on their perceived exclusivity and insularity.

The limited scale of the sector in the USA has been attributed to three factors in addition to (and also implicated in) their lack of government support:

First, collective ownership through cooperatives did not become popular in the context of postwar suburbanization with its emphasis on individual homeownership (Leavitt, 1995). Collective ownership was entirely alien to suburban developers such as Levitt, who played upon the individualistic spirit and a desire to fulfill the American dream of home ownership. Second, the cooperative's ideological linkage with socialism became anathema in the McCarthy era of 'redbaiting' (Bailey, 1988). Third, labor unions, which were major sponsors of cooperatives, were subdued in the context of American exceptionalism.¹⁷²

Even in New York City, where cooperatives remain a prominent component of the housing landscape, understanding and support is patchy. For example, some research claims market-equity cooperatives persist largely because of inertia and the perceived difficulties of converting to condominiums,¹⁷³ while conflicting research rejects the assertion of

¹⁶⁹ Ganapati (2010).

¹⁷⁰ Ganapati (2010).

¹⁷¹ For example, see: Saegert & Winkel (1996; 1998).

¹⁷² Ganapati (2010, p. 374).

¹⁷³ Schill et al. (2007).

organisational complexity and suggests more cooperatives would be developed if they were better understood by brokers.¹⁷⁴ The USA sector has been assisted by community development financial institutions (CDFIs) that provide a range of financial services and products to the non-profit sector, including affordable housing. Australia does not have purpose-built CDFIs.¹⁷⁵

6.1.4 Exemplar: Urban Homesteading Assistance Board (UHAB), New York City

The Urban Homesteading Assistance Board (UHAB) has served limited-equity cooperatives in New York City since the 1970s, representing some 30,000 households.¹⁷⁶ UHAB's services are broad and substantial, including public advocacy and alliance building, development and preservation of cooperatives, technical assistance and training, and additional services for cooperatives that choose to become UHAB member buildings. These additional services include reduced energy bills and a range of financial services. According to their website, since 2002 UHAB has helped secure over \$40 million in low-interest loans for capital improvements in the sector and over \$34 million to pay off overdue property taxes and water and sewer charges.¹⁷⁷ UHAB's core principles are:

1. Self Help
2. Democratic Residential Control
3. Shared-Equity (or Limited-Equity) Cooperative Ownership
4. Cost-Effective Sustainability
5. Continual Learning

Relevance: shows the impact and potential of an integrated support agency at scale.

6.1.5 Exemplar: Coop City, New York City

This Mitchell-Lama cooperative in the Bronx borough of New York City comprises over 15,000 households, or roughly 40,000 people. It is the world's largest housing cooperative and the largest residential development in the USA. It occupies a 1.3km² site and alongside its 35 residential towers and seven townhouse clusters, includes an energy plant, two post offices, schools, offices, sports fields, places of worship, child care centres, and shopping centres. Individual residential towers span between 24 and 33 storeys and comprise up to 500 apartments. It has a Board of 15 community Directors that advises the property manager, Riverbay.¹⁷⁸

Relevance: shows the scale at which cooperatives can operate and the diversity of physical infrastructure they can include.

¹⁷⁴ Molk (2014).

¹⁷⁵ Parker & Lyons (2003).

¹⁷⁶ For more information see: <http://www.uhab.org/>

¹⁷⁷ Urban Homesteading Assistance Board (UHAB) (n.d.).

¹⁷⁸ For more information see: <http://www.riverbaycorp.com/>

6.1.6 Exemplar: ROC USA (Resident Owned Communities USA)

In 2008, ROC USA launched a national network of nine regional non-profits and a national finance service to support mobile home communities looking to buy their community and convert it to a limited-equity cooperative. They provide a range of supporting services to communities including pre- and post-purchase training and help communities undertake appropriate infill development, and have established a buying cooperative to source cost savings for member communities.¹⁷⁹

Relevance: highlights an opportunity for cooperatives in Australia as mobile home villages are vulnerable to eviction due to development pressures.

6.1.7 Future directions

While public policy has not generally favoured cooperatives, recent innovations such as the establishment of ROC USA and the ongoing presence of supporting agencies such as peak bodies, Community Development Financial Institutions (CDFIs), and partnerships between key entities have all played important roles in the maintenance and expansion of the sector. While Schill et al. are pessimistic in their assessment of why cooperatives persist in New York, Molk sees greater potential in the future of cooperatives and sees this as dependent on public subsidisation and growth of the knowledge base amongst brokers.

This is seen as particularly useful with regards to reducing the time it takes to identify members with requisite knowledge and interest.¹⁸⁰ In the wake of the foreclosure crisis, research that has demonstrated the capacity of various resale-restricted housing models to withstand the crisis and to maintain affordability has also played a part in raising awareness of and support for the sector.¹⁸¹

¹⁷⁹ Resident Owned Communities (ROC) USA (2015).

¹⁸⁰ Molk (2014).

¹⁸¹ For example, see: Temkin et al. (2013).

6.2 Canada

6.2.1 Overview

The development of housing cooperatives in Canada mirrored many international sectors, with establishment in the early twentieth century, a period of growth and diversification until a lull in the 1990s, followed by renewed interest in the 2000s. In contrast to other jurisdictions, many of the early cooperatives were student housing, with the sector expanding outwards from that base in the 1960s at which time the Cooperative Housing Federation of Canada (CHF Canada) was formed by the Canadian Labour Congress and the Co-operative Union of Canada to encourage the development of housing cooperatives.¹⁸²

There are currently 2,212 cooperatives in Canada comprising 92,526 housing units and over 250,000 individuals in all provinces and territories; roughly 20,000 units are targeted to low-income households.¹⁸³ With Canada home to just over 14 million households, the cooperative sector represents 0.66 per cent of housing stock. According to CHF Canada, major twentieth century milestones were:

1973-1978	<ul style="list-style-type: none">The federal government launches the first program to develop housing cooperatives for families. About 7,700 cooperative homes are created.
1973	<ul style="list-style-type: none">The first regional federation of housing co-ops in Canada, the Co-operative Housing Federation of Toronto (CHFT), forms.
1973-1985	<ul style="list-style-type: none">About 39,000 cooperative homes are developed across Canada under the second federal cooperative program.
1986-1991	<ul style="list-style-type: none">About 14,500 cooperative homes are developed through the third federal cooperative program.
1986-1993	<ul style="list-style-type: none">More than 7,000 cooperative homes are built through a federal/provincial housing program in BC, Quebec and Ontario.
1989-1995	<ul style="list-style-type: none">More than 14,000 cooperative homes are developed in Ontario.

Table 3. Major stages of housing cooperative development in Canada.

Source: Cooperative Housing Federation of Canada (2018a).

The sector is supported by both government and sector agencies. The Agency for Cooperative Housing was established in 2006 to administer the federal government's numerous and diverse cooperative housing programs through a service agreement via the Canada Housing and Mortgage Corporation (CMHC - a Crown corporation of the government of Canada).¹⁸⁴ As part of its services, the Agency rates cooperatives and provides immediate assistance to any that are at risk of failure while also contacting any assessed to be at moderate risk. The latter "are left to continue their effective practices" but may later be called upon to "share information with other co-ops about their successes."¹⁸⁵

¹⁸² Co-operative Housing Federation (CHF) of Canada (2018a).

¹⁸³ Co-operative Housing Federation (CHF) of Canada (2018b, 2016).

¹⁸⁴ The Agency for Cooperative Housing (2018).

¹⁸⁵ The Agency for Cooperative Housing (2018).

The Canadian sector is often described as comprising for-profit and non-profit cooperatives; these are analogous to market- and limited-equity vs leasehold cooperatives, as the term ‘non-profit’ here refers to residents’ inability to invest in or sell shares in their cooperative. A study by CMHC found that in 2003, around 70 per cent of cooperatives funded by government programs were targeting low- and moderate-income households.¹⁸⁶

6.2.2 Key insights from history

There were four major cooperative housing policy programs in Canada until 1993 when federal assistance ceased. The programs provided a mix of loan financing and subsidy models and targeted a mix of communities, usually based on incomes; see **Table 4** for detail of these programs. The termination of federal assistance translated directly into an abrupt decline in cooperative housing development with no new cooperatives established until 2003 when one was established, with another in 2004.¹⁸⁷ On that basis, CHF Canada has lobbied for a renewed commitment to funding to stabilise the sector and provide pathways for growth, which appears to have been successful (see **Section 6.2.5**).

6.2.3 Strengths and weaknesses

The CMHC study of 2003 remains the most comprehensive overview and assessment of the Canadian cooperative housing sector and appears to be the only comparative study of the costs of cooperative versus non-profit rental housing – analogous to Australian public and community housing. It demonstrated that while receiving \$200 million in subsidies in 2003, cooperatives cost roughly 11 per cent less in terms of capital and operating costs than non-profit rental housing.¹⁸⁸

While an academic study focusing on non-profit coops highlighted the resident benefits of participating in cooperative governance in terms of skills acquisition,¹⁸⁹ the CMHC study did not find skills acquisition levels in cooperatives to be any higher than in other housing forms.¹⁹⁰ The CMHC study did find differences in terms of cooperative residents’ higher senses of community, stronger relationships with friends and neighbours, and stronger social supports. The CMHC study found that while the cooperative housing stock was considered affordable, housing costs exceeded 30 per cent of income for more than 50 per cent of cooperative residents. About a third of Canada’s cooperative housing residents pay rents that are indexed to income¹⁹¹ but it is unclear how the remaining rents are set.

The CMHC study found that in 2003 cooperatives were more likely to experience financial difficulties than other forms of non-profit housing, due to market conditions, stock condition, and management issues. The CMHC’s conclusion was that:

The government expenditures are enabling households that would otherwise not be able to afford alternatives to rental housing to achieve benefits not available in

¹⁸⁶ Canada Mortgage & Housing Corporation (CMHC) (2003).

¹⁸⁷ Co-operative Housing Federation (CHF) of Canada (2018a).

¹⁸⁸ Canada Mortgage & Housing Corporation (2003, p. 34).

¹⁸⁹ Leviten-Reid & Campbell (2016).

¹⁹⁰ Canada Mortgage & Housing Corporation (2003).

¹⁹¹ Co-operative Housing Federation (CHF) of Canada (2018b).

rental housing such as greater security of tenure and resident control of their housing. The main challenges for the future are in areas such as ensuring efficient utilization of the co-operative stock, ensuring the affordability of the housing provided, addressing repair needs to maintain conditions and resolving financial difficulties that some co-operatives experience.¹⁹²

6.2.4 Exemplar: Canada Mortgage & Housing Corporation

The Canada Mortgage & Housing Corporation (CMHC) is Canada's housing authority and as part of its mandate provides in-house evaluation services to both internal and external stakeholders. According to the CMHC website, its role is to:

contribute to the stability of the housing market and financial system, provide support for Canadians in housing need, and offer objective housing research and advice to Canadian governments, consumers and the housing industry.¹⁹³

The CMHC is remarkable for the cooperative housing evaluation study it published in 2003, which remains exemplary in terms of its scale, scope, and rigour. The study detailed historical programs and expenditure, housing conditions and affordability, benefits of cooperative housing, and the costs of cooperative housing. Alongside the work of Saegert et al. with New York City's cooperatives (see **Section 6.1**), it provides a foundation for identifying appropriate methods and control variables in assessing cooperative housing.

Relevance: shows a method that can be drawn upon to demonstrate the value, contribution, and challenges of the housing cooperative sector.

6.2.5 Future directions

It appears that since the CMHC study the sector has received fluctuating support at a federal level and CFHC is running an ongoing campaign to secure ongoing funding for the sector in contrast to repeated, short-term, interim funding.¹⁹⁴ This appears to have been successful as in May 2018 the National Housing Strategy was announced, which includes a National Housing Co-Investment Fund of CAN\$15.9 billion, of which CAN\$4.7 billion is identified as financial contributions and CAN\$11.2 billion is identified as low-interest loans. This is intended to support the construction of 60,000 new homes and repair of 240,000 existing homes. There is no stipulated targeting of cooperative housing within this, although the cooperatives are included within the scheme. Interestingly, the Fund requires co-contribution from local government, such as

provincial, territorial and municipal lands, inclusionary zoning provisions, accelerated municipal approval processes, waiving of development charges and fees, tax rebates, and other government loans.¹⁹⁵

¹⁹² Canada Mortgage & Housing Corporation (CMHC) (2003, p. iv).

¹⁹³ Canada Mortgage & Housing Corporation (CMHC) (2018)

¹⁹⁴ Co-operative Housing Federation (CHF) of Canada (2015).

¹⁹⁵ Government of Canada (2018).

In addition, the CAN\$500 million Federal Community Housing Initiative will help stabilise and maintain existing community housing including cooperatives. The National Housing Strategy also includes a mortgage pre-payment option for cooperatives holding CMHC mortgages that enables prepayment without penalty.

Years	Loan Financing	Subsidy	Target clients
1973 – 1978 Co-operative Housing Program	CMHC 50-year equal payment mortgages covering 90 per cent of development cost. Many projects acquiring and renovating existing property also received RRAP funding.	Grants covering 10 per cent of development cost and interest rate reduction assistance to the equivalent of an 8% mortgage interest rate. Surcharges for higher income residents allowing lower income occupants to pay reduced occupancy charges. Low-income residents may be assisted through Rent Supplements	Moderate and low-income households. Maximum of 25 per cent of units in family projects and up to 50 per cent of units in seniors projects available for Rent Supplements.
1979 - 1985 Co-operative Housing Program	Private equal payment mortgages up to 35 years covering up to 100 per cent of development cost, insured by CMHC. Since 1993, CMHC has re-financed many of these projects under its Direct Lending Program. Many projects acquiring and renovating existing property also received RRAP funding. Projects in difficulty may be assisted by the Mortgage Insurance Fund (MIF).	Maximum annual subsidy equal to difference between amortization of eligible capital cost at market interest rates and amortization at 2 % up to 35 years. Subsidy first used to reduce loan amortization and operating cost to lower end of market levels and then to reduce housing charges paid by low-income residents. Subsidy fixed for 3 years, then adjusted such that loan repayments increase 5 per cent per year until the cooperative making full loan repayment without federal assistance. Federal assistance for income-tested occupants increases each year by the amount the operating assistance declines.	Moderate and low-income households. Minimum 15 per cent of project's units available for Rent-Geared-Income households.
1986 - 1991 Co-operative Housing Program	Private 30-year index linked mortgages (ILM) covering 100 per cent of development cost, insured by CMHC. The Federal Co-operative Housing Stabilization Fund provides loan assistance to projects in temporary financial difficulty. Projects in difficulty may also be assisted by the MIF.	Annual index linked subsidy, with the original amount set to equal difference between project loan amortization/operating cost and market rents. With this subsidy arrangement, loan repayment costs increase at rate of inflation less 2 per cent. Core need households assisted through Rent Supplements.	Households unable to purchase their own home. Maximum 30 per cent in the first 2 years and 50 per cent in following years of project's units available for core need households
1986 - 1993 Non-Profit Housing Program	Private 35 year equal payment mortgages covering 100 per cent of development cost, insured by CMHC.	Annual subsidy for units occupied by core need households covered the difference between amortization/operating costs and project housing charges. Housing charges based on a percentage of household income.	Federal assistance targeted to core need households. Projects in P.E.I., Quebec and Manitoba were fully targeted. Ontario and B.C. stacked assistance with federal assistance to create income mixed projects.

Table 4. Canadian federal cooperative housing programs.
Source: Canada Mortgage & Housing Corporation (CMHC) (2003, p.4)

6.3 United Kingdom

6.3.1 Overview

In contrast to other European countries, cooperative housing is not well developed as a proportion of the housing market in the UK. The specific size is also difficult to determine with any accuracy as the term ‘cooperative housing’ is used as an umbrella for many different types of initiatives. As with other countries, there is no definitive listing and there are consistency and accuracy issues with the data that is available. In 2012, CECODHAS/ICA estimated that the total cooperative housing (mutual housing) stock across the UK stood at around 35,000 units owned by 677 organisations, with 607 of these in England, 41 in Scotland, 26 in Wales, and three in Northern Ireland.

Using 2007 data, CECODHAS/ICA advises there were 243 registered housing cooperatives in England with an average stockholding of 40 homes, highlighting the small size of these entities. Citing 2002 data, the report also identifies 202 tenant management cooperatives managing 84,000 homes owned by local Councils and provides some examples of where stock transfers have taken place around the country. The most notable of these comes from Rochdale, where in 2011 it was voted that the Council’s 13,664 homes be transferred to an innovative multi-stakeholder cooperative comprising tenants and employees.¹⁹⁶

The two most significant types of housing cooperatives operating in current times are ownership cooperatives and tenant management cooperatives.¹⁹⁷ In ownership cooperatives, home owners have a joint stake in development, governance, and management but retain individual ownership and may sell on the market, subject to specified obligations. These are analogous to market equity cooperatives in Australia. In tenant management cooperatives, local Council or housing authority (HA) tenants enter into a management agreement to collectively provide aspects of their housing services, but ownership is retained by the umbrella entity. These are roughly analogous to rental cooperatives in Australia. The former derives from northern European ‘co-ownership’ models and, as with the Australian situation, is reportedly less common, with the latter being the more common governance model in use.

In addition to these two configurations, Lang and Mullins also offer a useful distinction in terminology (and practice) around stock transfer models, which they identify as part of the broader ‘mutual’ housing sector, with some portion being cooperative housing, depending on specific governance arrangements.¹⁹⁸ This demonstrates the difficulties of separating out the different parts of this ‘broad church’, as in practice (in the UK, at least) “most cooperative models are intertwined with other housing sectors, such as HAs and council housing” and there are also “community organisations based on cooperative principles that do not consider themselves part of the movement”.¹⁹⁹

Despite its small size and sporadic development (see below), the UK cooperative housing sector is considered successful and having a secure future, being made up of entities that are

¹⁹⁶ CECODHAS Housing Europe & ICA Housing (2012, p. 81).

¹⁹⁷ Lang & Mullins (2015).

¹⁹⁸ Lang & Mullins (2015).

¹⁹⁹ Lang & Mullins (2015, pp. 26-27).

“generally robust and financially stable” and performing “on all measures, better than other types of affordable housing providers”.²⁰⁰ However, cooperative housing remains little-known outside the sector, only recently being rediscovered “as an innovative alternative form of housing provision and neighbourhood management”.²⁰¹

Tenant management cooperatives, in particular, are a well-established model and are being encouraged by various government policies around the country, including through simplifying establishment processes. This encouragement can, at least in part, be linked to the prevailing Big Society agenda, which was ushered in following the 2010 election and continues to influence policy trajectories. The policy emphasis on local decision-making, citizen empowerment, and community action offers these as strategies for countering the perceived dependencies created by ‘welfare state’ models of service provision.²⁰² This broader shift in policy emphasis opens up some opportunities for cooperative housing models.

Amongst recent interest, developments in England and Wales are demonstrating the potential for larger scale housing cooperatives; and the Rochdale stock transfer model (mentioned above) adds an innovative multi-stakeholder element with tenant and employee members. Some of these ‘new forms’ of cooperative and mutual housing are also generating interest as they potentially offer opportunities for leveraging new sources of long-term finance into affordable housing schemes, such as pension fund investments.²⁰³

Perhaps the most comprehensive enabling policy development is seen in Wales where a cooperative housing program that supports pilot schemes was introduced in 2012. The program provides revenue funding to develop cooperative and community-led housing schemes (see below for a discussion on community-led housing - CLH) through the Wales Cooperative Centre²⁰⁴ and capital funding to develop affordable and low-cost housing through its mainstream housing program. Between 2012 and March 2017, 138 new cooperative homes were built, with more in development. The homes comprise “social, intermediate, and market rented, shared ownership, leasehold cooperative ownership and management, meeting a wide range of housing need.”²⁰⁵

The Scottish Government has a comprehensive regeneration strategy that aims to reverse the economic, physical, and social decline of places.²⁰⁶ Whilst there is no specific provision for cooperative housing within this, community-led regeneration is a core element and housing is recognised as contributing to sustainable places – particularly remote and ‘fragile’ communities.²⁰⁷ ‘Community ownership’ of housing is also seen as central to achieving robust neighbourhood level governance and therefore social landlords are being encouraged to:

²⁰⁰ Commission on Co-operative & Mutual Housing (2009); Rowlands (2009, pp. 31-37).

²⁰¹ Lang & Mullins (2015, p. 25).

²⁰² McKee (2015, p. 2).

²⁰³ CECODHAS Housing Europe & ICA Housing (2012, p. 82).

²⁰⁴ See www.wales.coop

²⁰⁵ Co-operative Councils’ Innovation Network (2017, p. 15).

²⁰⁶ For more information see: <https://beta.gov.scot/policies/regeneration/>

²⁰⁷ Co-operative Councils’ Innovation Network (2017, p. 15).

...adopt an increasingly holistic involvement in local neighbourhood renewal processes which broadens the scope of their activities beyond 'traditional' housing stock management activities towards engagement in a growing range of local community development initiatives and partnerships.²⁰⁸

A range of policies and programs in England are also contributing to improving potential support opportunities,²⁰⁹ but none of these specifically focus on cooperative models.

At the UK-level, a recent New Economics Foundation report commissioned by the UK's Co-operative Party outlines the case and a series of policy recommendations for 'doubling the size' of the UK's cooperative sector.²¹⁰ Whilst these do not focus solely on cooperative housing, a number of the recommendations designed to improve access to finance and capital are directly relevant to the barriers faced by Australia's fledgling cooperative housing sector.

However, in considering growth and diversification strategies, a recent commentary on 'scaling up' and 'scaling out' strategies in the UK context offers a useful counterpoint.²¹¹ 'Scaling up' refers to growing existing organisations and expanding their impact, as seen in the mainstream housing association sector and 'scaling out' refers to more horizontal expansion through the creation of new groups while maintaining smaller scale to preserve local attributes. Heywood argues that the sector itself is more committed to the latter, as it gives higher quality outputs and minimises the potential for burn-out and that research shows

...that growth in the sector is, ultimately, driven by the identified needs of individual communities rather than by externally imposed strategically conceived targets for the numbers of homes to be developed or renovated. Growth is, therefore, inherently likely to be organic and modest rather than exponential.²¹²

Also of note, the UK cooperative housing sector has a well-developed and active tier of intermediaries.²¹³ These entities have championed the development and delivery of governance and management accreditation programs that have been central to improving and ensuring quality standards and that work together to advocate for enabling policy conditions and other developments to facilitate activity in response to increasing interest.²¹⁴

²⁰⁸ Flint & Kearns (2006, pp. 33-34).

²⁰⁹ For a listing of those considered as having potential to contribute, see Co-operative Councils' Innovation Network (2017, p. 14).

²¹⁰ Lawrence, Pendleton & Mahmoud (2018).

²¹¹ Heywood (2016).

²¹² Heywood (2016, p. 8).

²¹³ Examples of these included in the CECODHAS Housing Europe & ICA Housing report include: Confederation of Cooperative Housing (www.cch.coop); National Federation of Tenant Management Organisations (www.nftmo.com); Co-operative Development Society Ltd (www.cds.coop); and Birmingham Co-operative Housing Services (www.bchs.coop).

²¹⁴ Community Research & Development Service (n.d.) identifies the UK national alliance as 'novel', as it effectively creates a unified niche level intermediary.

6.3.2 Key insights from history

As reported by CECODHAS/ICA, like the cooperative sector more broadly, the cooperative housing movement in the UK can trace its roots back to the Rochdale Pioneers, who after building their initial store,²¹⁵ took on the task of building houses for members. The first housing was built in 1861, with a second wave in the early 1900s. However, use of the early model was ultimately overtaken by council-provided housing and individual home ownership, which by the 1970s had become the dominant tenure forms.

In the 1960s a third wave of interest developed and included what would today be recognised as genuine cooperative ownership and management - with monthly rental fees meeting the costs of servicing the mortgage held by the cooperative and residents being entitled to a premium payment if they moved out. Over 40,000 co-ownership homes were built, but most of these were wound up in the early 1980s, encouraged by policies introduced by the conservative government of the time that incentivised private ownership models.

A small fourth wave has its roots around the same time, with some not-for-profit housing associations using government assistance programs to create housing cooperatives for low- and middle-income families. A small number were also established by members themselves, sourcing their own loans and mortgages. By the 1990s, the policy context favoured large-scale housing associations as the delivery mechanism for social housing and the development of new housing cooperatives was very limited during this time. In the current context—affected by the global financial crisis and austerity programs—the development of new tenant-owned, affordable rental housing cooperatives is reportedly challenging.²¹⁶

6.3.3 Strengths and weaknesses

In the UK, cooperative housing has developed with a strong emphasis on low- and middle-income households and as a result is often considered primarily in relation to social and/or affordable housing objectives. In contrast to Sweden (see **Section 6.4**), where cooperative housing is much more mainstream, this positioning could significantly limit the potential of cooperative housing. This difference highlights that cooperative housing can be utilised in different ways and cater to a range of objectives at both the policy and individual levels. In recent times, the sector in the UK has achieved something of a track record in diversifying beyond traditional models and is attracting a broader base of attention as a result.

However, despite this renewed attention, the identity of the sector remains muddled, with various definitional terms being used interchangeably and different models being combined in ways that can be off-putting to potential tenants and partners. As was found in a 2015-2017 study:

The cooperative housing field is less homogeneous than previously conceptualised. Older ‘incumbent’ actor groups (e.g. from 1970s and 80s) act as ‘carriers’ of traditional cooperative ideas, whereas new actors (‘community-led or collaborative

²¹⁵ The establishment date of which is recognised globally as the founding of the global Co-Operative Movement.

²¹⁶ CECODHAS Housing Europe & ICA Housing (2012, pp. 80-82).

housing’) have become ‘challengers’ in the field. Local organisation types often do not align to a single clear-cut model but are hybrids displaying aspects of two or more ideal types.²¹⁷

As a result of these realities and the orientation of policy drivers, key cooperative housing sector intermediary organisations, such as the Confederation of Co-operative Housing (CCH), are working to both clarify muddled terms and promote the more complex ‘new’ models - such as social mixing, targeting higher income groups, mutual ownership, and co-housing - with a long-term goal of bringing cooperative housing into the mainstream.

The muddling of models and terms also contributes to the challenges associated with ascertaining the impact of cooperative housing models in any definitive fashion (see **Sections 3 and 4**).²¹⁸ Evidence suggests that residents in the UK are choosing cooperative models due to: better quality; autonomy of decision-making, in some aspects at least; associated community development initiatives (such as job-related programs); and, less ‘paternalistic’ relationships than seen in HA or local Council alternatives.²¹⁹ Some also have self-build aspects that can be attractive to certain groups, particularly those with environmental objectives²²⁰ and/or special needs, such as people living with a disability, or older people wanting to maintain independent living.

As ‘community empowerment’ is a driver for many of the policy objectives contributing to the increasing interest in cooperative housing models (see above), it is also worth noting this observation about participation:

...a rule of thumb might be that 1/3 is actively and 1/3 passively involved, and 1/3 is not interested in participation. Member participation in community-led housing is usually strong when an initiative is new... but decreases over time.²²¹

It therefore follows that the realisation of participation objectives should not be assumed as an automatic outcome, but rather must be supported with community development initiatives that work alongside to support and complement the introduction of cooperative models.

6.3.4 Future directions

As noted above, a strong direction for the UK cooperative housing sector is growth through diversification. In support of this objective, in 2017 the multi-sector Commission on Community-Led Housing²²² commissioned a report to set out how and why local authorities

²¹⁷ Community Research and Development Service (n.d.). For information on the study see: <https://www.birmingham.ac.uk/schools/social-policy/departments/social-policy-sociology-criminology/research/projects/2015/cooperative-and-community-led-housing.aspx>

²¹⁸ See for example, Trotter et al. 2014 – which offers guidance for the social housing sector, some of which could overlap with the co-operative sector but much of which is unattainable in the current context due to the limitations of available data.

²¹⁹ Lang & Mullins (2015).

²²⁰ Lang & Mullins (2015, pp. 27-28)

²²¹ Lang & Mullins (2015, p. 27).

²²² The Commission on Community-Led Housing (see www.ccinhousing.co.uk) was established by the Co-operative Councils’ Innovation Network (CCIN) in 2016, with the aim of encouraging local authorities across the UK to foster cooperative and community-led solutions to the housing crisis.

should enable community-led housing. The UK's HACT (Housing Association's Charitable Trust) provides the following definition of community-led housing, differentiating it from community housing:

community housing – that is, housing designed to meet the needs of particular groups of people or to meet the needs of a particular locality; and community-led housing – that is, housing shaped and controlled by a group that represents the residents and/or the wider community that will be served by the housing.²²³

The language and positioning of 'community-led housing' ('CLH') has gained substantial traction in the UK in recent years,²²⁴ and is potentially useful in the Australian context as it positions cooperative housing models within a broader set of policy options, whilst also clearly establishing the core feature that differentiates it from market and public-sector driven models. **Box 1** is an excerpt from the CCIN report, and elaborates on the basic definition of community-led housing.

Community led housing (CLH) involves local people in playing a leading and lasting role in solving housing problems, creating genuinely affordable homes and strong communities. It can involve building new homes, returning empty homes to use and managing existing homes. Approaches include housing cooperatives, community land trusts (CLTs), tenant management organisations (TMOs), co-housing, community self-build schemes and self-help housing groups that renew empty homes. There can be overlaps between these different approaches. Typically, the community is integrally involved in key decisions even if they did not initiate or build the scheme; the community has a long term formal role in ownership, management or stewardship of the homes; and benefits to the local area/specified community are defined and protected. A CLH scheme may involve a democratic member organisation with some level of control over the housing. CLH groups become involved via three pathways:

1. A grass roots group forms in response to local need or to deliver their own homes
2. Existing community organisations get involved in housing for the first time or add to their existing housing stock
3. A developer, such as a local authority or housing association, leads a partnership to provide housing that incorporates a CLH element.

Box 1. What is community-led housing?

Source: Co-operative Councils' Innovation Network (CCIN) (2017, p.6)

The Commission's report details the policy context, misconceptions, benefits ('the case'), processes of establishment, roles for local authorities, and provides links to useful resources. The policy aspects, including the benefits, are defined in terms of local councils; however,

The report draws on submissions from 47 local authorities across the UK, and evidence given at two public events. In addition to the report cited, the Commission has also produced 12 case studies featuring different approaches; developed a local authority pledge; and supported the development of a Technical Toolkit for local government. The CCIN (see www.councils.coop) was established in 2013 and is made up of 22 local authorities from across the UK. Membership open to any council demonstrably committed to driving global municipal cooperative policy development.

²²³ Heywood (2016).

²²⁴ For example, see also: Lang & Mullins (2015); Heywood (2016).

many of these are applicable to Australian State government policy context as this is the tier of government most directly involved in housing provision in this country.

As the report demonstrates, CLH schemes can contribute to both housing affordability and market diversification objectives, through offering a range of tenure options. For example, in the UK context:

- renting, including social rent and affordable rent, let at between Local Housing Allowance (LHA) levels and 80 per cent of market rent;
- intermediate housing, including shared ownership, shared equity, discounted, and resale price covenant market sale; and,
- market housing, for example to increase options for older people downsizing.²²⁵

CCIN also suggests²²⁶ that CLH schemes can produce a social return through the use of local labour and supply chains,²²⁷ creating local jobs in the building industry, and increasing confidence in a local area and attracting investment. Cooperative and mutual landlords in the UK were recognised amongst the top social landlords in 2017, with one being named the UK's best housing association.

Adopting a 'community-led' positioning could assist cooperative housing enterprises in Australia to 'shake off' historical perceptions and to broaden the appeal of cooperative models to policy-makers and other stakeholders. For example:

- taking on formal technical support roles for grass roots groups that emerge in response to localised housing pressures and needs (pathway 1, in **Box 1**), would establish a more comprehensive service offering that caters to more population segments;
- leveraging existing asset portfolios to develop new and/or refurbish existing under-utilised facilities could facilitate partnerships with owners of otherwise 'uneconomic' land or facilities (pathway 2); and,
- in the current climate of social housing asset transfer, working with the relevant Government agencies to identify potential founder members for cooperative models and then supporting these groups to take on ownership or management of the homes on completion (pathway 3) could be attractive.²²⁸

In relation to pathway 3, a number of UK public sector programs are cited as being of potential usefulness for various activities along these lines and a range of social lenders are mentioned as being willing to lend to CLH schemes, where these are able to demonstrate viable business plans. In addition, CLH schemes have successfully raised funds through loan finance using existing collateral, community shares, crowd funding for pre-development costs, members selling existing homes to transfer to cooperatives, and the cross-

²²⁵ Co-operative Councils' Innovation Network (2017, p. 16).

²²⁶ Co-operative Councils' Innovation Network (2017, p. 7).

²²⁷ For an account of the significant impact seven Housing Associations in the north-west UK have achieved by combining their procurement spend for building and maintenance services, see McNeill (2017), Chapter 7.

²²⁸ Co-operative Councils' Innovation Network (2017, pp. 34-35).

subsidisation of affordable homes through development of a proportion at full market rate.²²⁹

The CCIN report responds to several common misconceptions about community-led housing, several of which resonate with criticisms levelled at the cooperative housing sector in Australia and so are useful to consider:

- Only useful for small-scale schemes: have delivered positive outcomes for smaller, tricky sites that are unattractive (‘uneconomic’) to mainstream developers and there is some evidence that community groups are willing to accept higher density when they are in control. Larger proposals are in development, but are at too early a stage to assess efficacy as yet.
- Takes longer to develop and implement proposals: no evidence that length of development time relates to community-led aspects but rather to other aspects of the planning process. For example, developments on already-owned land are able to move quickly.
- More expensive: cost of development is largely determined by location, rather than any community-led characteristics.²³⁰

²²⁹ UK Social Lenders mentioned are: Ecology BS, Charity Bank, Triodos Bank, and Unity Trust Bank (Co-operative Councils’ Innovation Network 2017, pp. 47-48).

²³⁰ Co-operative Councils’ Innovation Network (2017, p. 17).

6.4 Sweden

6.4.1 Overview

In Sweden, housing cooperatives comprise around one million dwellings, amounting to 22 per cent of the total housing stock – the highest percentage of cooperative housing of any country in Europe.²³¹ The cooperative housing sector provides housing to 1.6 million people, which is around 17 per cent of Sweden's total population.

Despite Sweden having one of the most liberal housing regimes in the world with very little state involvement, the stock of housing cooperatives has increased substantially over the last 20-25 years.²³² Major changes to the housing system started in the mid-1970s, with the deregulation of rent, reduction in subsidisation, and marketisation. The culmination of this came in 2006 with the abolition of all state subsidies for affordable housing construction and municipalities no longer guaranteeing housing for vulnerable groups.²³³ This has led to Sweden now having some of the most segregated cities in Europe and turmoil due to social polarisation and racialisation.

Inspired by the UK's *Right to Buy* policy, in the 1990s conservative governments abolished all subsidies to municipalities for the construction of public rental properties and supported the conversion of public rental properties into housing cooperatives, through both local municipal and resident level decision-making. This tenure conversion required approval from more than 75 per cent of the tenants in each housing complex but, despite this, conversion from public and private rentals to housing cooperatives happened at a large scale, particularly in inner city suburbs.

As a result, inner city cooperative residences increased from ten per cent of the housing market in 1990 to 21 per cent in 2010. From 1990 to 2000 a total of 120,920 dwellings countrywide were converted to housing cooperative units, of which 69,000 dwellings (57 per cent) were located in Stockholm city and county.²³⁴

The conversion process led to poorer residents being unable to buy their cooperative membership and being forced to move to public rental housing in outer suburbs.²³⁵ The 'right to buy' (or, more accurately, the right to become a cooperative shareholder) has therefore been politically contested, with several researchers stating that it has increased segregation, gentrification, and social polarisation in Sweden.²³⁶

From inception, housing cooperatives were considered a form of middle-class housing - comprising row houses, detached houses, and smaller apartment buildings; while public rental apartment complexes were considered housing for the working class; and freestanding houses and villas for the upper classes. To some extent, these homogenous clusters based on

²³¹ CECODHAS & International Co-operative Alliance (ICA) (2012); Pittini, Ghekière, Dijol & Kiss (2015).

²³² Andersson & Turner (2014).

²³³ Andersson & Turner (2014).

²³⁴ Andersson & Turner (2014).

²³⁵ Andersson & Turner (2014).

²³⁶ Thorn & Thorn (2017).

tenure form still prevail.²³⁷ The last 25 years of conversion from public and private rental to cooperative housing in inner city suburbs have further accentuated these clusters. Research has shown that the new inner-city cooperatives have led to more middle-class families, with distinctly higher income and education levels, moving into town. Many families who were unable to buy their unit when it was converted were forced to move to the outer suburbs, and this has been found to be particularly true for low-income and ethnic minority citizens.²³⁸

6.4.2 Key insights from history

In the 1920s Swedish housing was of poor quality and considered some of the worst in Europe. From the 1930s to 1990s public housing was a key element in the Social Democrats' ambition for a nation-building project. *The Folkhem* (The People's Home) was a housing policy aimed at securing high quality affordable housing for all. *The Folkhem* program promised "good housing with good quality at affordable prices"²³⁹ and eliminated the national housing shortage, with housing of a high standard becoming available for the entire population of Sweden by the 1970s. This was achieved through housing subsidies, regulation of loan interest rates, and the establishment of highly regulated municipal housing companies²⁴⁰ responsible for building large volumes of public rental housing. Through these policies, the Swedish State was able to control new housing construction - what and where to build, and at what cost for the end user.²⁴¹

Throughout Scandinavia, the cooperative housing movement emanated from the labour and tenants' movements of the 1920s, which championed the cooperative tenure model as a way to deliver affordability and offer possibilities for self-governance.²⁴² Housing cooperatives were granted legal status by the *Swedish Act (1896)* which related to cooperative societies, and incorporated housing cooperatives as a separate object - similar to worker, producer, and consumer cooperatives.

The Swedish housing cooperative movement began as a collaboration between the Tenants Savings Banks and Building Association (HSB) and the National Federation of the Tenant Movement Associations,²⁴³ with the purpose of promoting housing cooperatives as a means for controlling the housing situation. However, it wasn't until after 1945, when the historic decision was made to provide the same subsidy levels for housing cooperatives as for public rental properties, that cooperative housing became a substantial part of the housing stock. This coincided with the establishment of *Riksbyggen* (a national housing development association) in 1945, which was founded by the Construction Workers Trade Union to provide jobs for construction workers in the post-war period.

Today, HSB and *Riksbyggen* represent 6,500 housing cooperatives, which is around 50 per cent of the all housing cooperatives in Sweden, with smaller and regional housing cooperatives comprising the remainder. The housing cooperative sector is organised in a

²³⁷ Grundström & Molina (2016).

²³⁸ Andersson & Turner (2014).

²³⁹ CECODHAS & International Co-operative Alliance (ICA) (2012, p. 71).

²⁴⁰ These were Common Benefit Companies owned by the municipalities.

²⁴¹ Grundström & Molina (2016).

²⁴² Sørvoll & Bengtsson (2016).

²⁴³ Nordic Council of Ministers (1998).

tripartite structure - with the Federal cooperative societies at the national level, cooperative building associations at the regional level, and cooperative tenant owners' societies at the individual housing cooperative level. The large cooperative building associations at the national and regional levels build and sell the units to the tenant owner societies of individual housing cooperatives.²⁴⁴

Since 1969, cooperative housing in Sweden has been market-equity based. Typically, the member would be responsible for contributing equity for around 75-80 per cent of the costs of the dwelling, while the housing cooperative would cover the remaining costs through a cooperative loan.²⁴⁵ This is an analogous relationship to that proposed in a shared-equity ownership scheme under development by a number of community housing providers in Sydney.²⁴⁶

6.4.3 Strengths and weaknesses

Even though housing co-operative dwellings are market priced in Sweden, cooperative dwellings are considered economical investments and the most long-term price-efficient form of tenure. This is due to good stock quality and maintenance, which is administered by the Cooperative Associations.²⁴⁷

In order to motivate young people and children to save for cooperative shares, the large Housing Cooperative Associations offer priority purchase for tenant members who have been on a Home Saving scheme. Through this, savings are deposited on a monthly basis so as to eventually become a cooperative tenant owner. People involved in these schemes are given priority over choice of dwelling and are also sometimes able to rent a unit in the cooperative in the meantime.

Housing cooperatives in Sweden cannot be said to provide affordable housing; rather, they offer a cost-efficient housing alternative for middle-income households. The recent conversion of public and private rental dwellings to cooperatives has led to a rapid decline of affordable housing options for lower income households. In 2017, 94 per cent of the municipalities reported that they did not have enough affordable housing, especially for migrants and young people.²⁴⁸

Housing cooperatives offer an important housing solution for immigrants, and as a result this group is over-represented in the cooperative housing sector. This is thought to be due to less discrimination being experienced when purchasing a member share and when using seniority rights to choose a cooperative dwelling. Purchase of a cooperative member-share strictly follows seniority (length of membership) and is centrally regulated by Cooperative Housing Associations, so there is less opportunity for discrimination.²⁴⁹

²⁴⁴ CECODHAS & International Co-operative Alliance (ICA) (2012).

²⁴⁵ CECODHAS & International Co-operative Alliance (ICA) (2012).

²⁴⁶ For details, see Regional Development Australia (RDA) Sydney (2014).

²⁴⁷ CECODHAS & International Co-operative Alliance (ICA) (2012).

²⁴⁸ Boverket (2018).

²⁴⁹ Skifter Andersen, Magnusson Turner & Soholt (2013).

Under the *Million Homes Program*, the Swedish government built one million dwellings for ‘everyone and everybody’ between 1965 and 1974. However, there were distinct differences, which led to the homogeneous tenure forms related to building types outlined earlier.²⁵⁰ The conversion from public housing to cooperatives has had an adverse impact through social polarisation within the public housing sector, as conversions to housing cooperatives in the inner-city force lower-income tenants to outer suburbs and much less attractive public housing.²⁵¹

The inner-city housing cooperatives are solutions for middle-income families wanting city living. The tenure conversion into cooperatives has meant that younger households are replacing the elderly, and this gentrification process also indicates a back-to-the-city movement among families with children. Another aspect is that ethnic child-rich families have been forced towards outer suburban public rental housing, with increasing ghettoisation occurring. While the conversion policy was largely inspired by the conservative UK government’s *Right to Buy* policies of the 1990s that were thought to ‘stabilise neighbourhoods’, the Swedish experiment clearly shows rapid gentrification and social polarisation.²⁵²

6.4.4 Future directions

Sweden has one of the highest percentage shares of co-operative housing, comprising 22 per cent of the total housing stock. Thus, cooperative housing provides homes for a substantial portion of the population, and is therefore an important provider of mass housing solutions for lower- and middle-class segments of the population.

However, the market-based pricing of cooperative dwellings has led to increased segregation and residualisation, with lower-income people confined to the outer suburbs. The important clause of maintaining high quality standards has also led to high costs of renovation in older cooperatives, where a majority vote can result in renovation to a very high standard. In some places this has created processes of ‘renoviction’, where lower-income households are unable to afford the increased collective rent resulting from the renovations.

Together with a decrease in the construction of public social rental housing, this means there is now increasing demand for affordable housing. In connection with this, there is also increasing demand for co-housing and increased cooperative self-governance as a new form of affordable housing, and municipal cooperative housing companies are being asked to facilitate initiatives of this nature.²⁵³ The need for social housing and new solutions to promote affordable housing has also been voiced by the Federal Cooperative Housing Associations.²⁵⁴

²⁵⁰ Grundström & Molina (2016).

²⁵¹ Andersson & Turner (2014).

²⁵² Andersson & Turner (2014).

²⁵³ Thorn & Thorn (2017).

²⁵⁴ CECODHAS & International Co-operative Alliance (ICA) (2012).

6.5 Norway

6.5.1 Overview

The Norwegian cooperative housing movement's vision is to offer its members the opportunity to acquire a decent home in a sustainable living environment. Responding to this vision, the cooperative housing movement is considered successful. In 2018, Norwegian cooperatives had over one million members (from a total population of 5.2 million).²⁵⁵ In 2012, cooperative housing accounted for approximately 15 per cent of the country's total housing stock,²⁵⁶ and in Oslo in 2016 housing cooperatives provided around 40 per cent of total housing stock.²⁵⁷

The cooperative housing sector is organised according to a tripartite structure (similar to Sweden), with one national Co-operative Housing Federation (NBBL) and 47 Co-operative Housing Associations (regional peak bodies). Together these entities support, educate and connect 12 000 affiliated housing cooperatives country-wide, covering 490,000 housing units.²⁵⁸ NBBL also runs several international aid projects with partners in African countries.

As at 2018, the largest housing cooperative in Oslo is OBOS, (*Oslo Bolig Og Sparelag* – Oslo House and Savings Association), which alone has over 416,800 members. Due to the non-distributive cooperative structure, coupled with initial generous public funding for housing, OBOS has accumulated considerable reserves and is independent of public subsidies. Its surplus is channeled back into the construction of new dwellings. As a result, today OBOS is Norway's largest developer and property manager. In recent years it has diversified, and now develops housing cooperatives across Norway, and also in Denmark and Sweden. In 2017 it announced that its considerable surplus would be used to develop 10,000 new apartments, of which some would be located in large sustainable living suburbs.

6.5.2 Key insights from history

Following WWII Norway, like many other countries in Europe, faced an acute need for housing. However, unlike other Scandinavian countries, Norwegian housing policies aimed to foster the development of good quality housing in a non-speculative environment. Norway's rural and egalitarian traditions contributed to these aims, which included the extensive promotion of private home ownership and avoiding reliance on rental properties or social housing.²⁵⁹ Underlying these policies was a hostility towards landlords, with housing policies clearly aimed at combating property rights for the few (landlords) by distributing them to the many. In the post-war years, Labour politicians implemented policies to ensure housing needs would be completely shielded from profit and commercial gain.²⁶⁰ The

²⁵⁵ The Co-operative Housing Federation of Norway (NBBL) (2018).

²⁵⁶ CECODHAS & International Co-operative Alliance (ICA) (2012).

²⁵⁷ International Co-operative Alliance (ICA) Housing (2016).

²⁵⁸ The Co-operative Housing Federation of Norway (NBBL) (2018).

²⁵⁹ Stamsø (2009).

²⁶⁰ Gulbrandsen (2004).

cooperative model was considered a good alternative to private ownership or tenancy, as it gave members an individual right of use as well as collective property rights.²⁶¹

The policy objectives were supported by universal subsidies provided by the Norwegian State Housing Bank. Founded in 1946, this provided all would-be homeowners, regardless of income level, with direct capital grants and construction loans at far below market rates. These same conditions were available to housing cooperatives for the building of apartments in multi-family complexes. In addition, municipalities would provide land at below market prices. These early substantial subsidies underpinned the growth of a strong and financially independent cooperative housing sector.²⁶²

The investment into housing for the population between 1945 and 2000 was such that one million homes were built using low-interest loans from the State Housing Bank. This was a doubling of total homes in the country, with a then population of 4.45 million people.²⁶³ In Norway today, around 80 per cent of the population are home owners, through individual ownership or cooperative housing, and the rental sector is consequently very small. This small sector is dominated by private households renting out part of their home, or rental of a second house or unit not in use for a limited period.²⁶⁴

The substantial financial support housing cooperatives received in the post-war years meant that they were heavily regulated, and operated as a type of semi-public or semi-municipal entity. Cooperative building and management companies were genuine hybrid organisations - partly democratic people's movements, partly government-subsidised housing providers, and partly businesses competing on the market.²⁶⁵

Through stringent fiscal regulation, a low-interest loan policy made it possible to pursue large scale housing construction, increase investments and equalise income distribution. This led to an economic and housing boom from 1945-1980. During this time cooperative housing prices were capped, and membership was a requirement for being included on waiting lists. Waiting lists followed a strict seniority rule, with first choice allocated to the longest standing memberships.

After the 1980s, volatile market conditions saw global shifts towards deregulation, privatisation and the use of 'market' solutions. In 1984-85 credit regulations were abolished, resulting in a credit-financed boom that saw a sharp increase in housing prices, which was followed by a stock market crash in 1987. House prices plummeted, a bank crisis followed, and Norway was in recession for the period 1988-1992. This period saw a deregulation of the housing and financial markets but did not lead to major impact on other welfare expenditure, due to revenues from the North Sea oil export.²⁶⁶

A key lasting impact of these trends was on the cooperative housing sector. In 1982 the generous universal grants were replaced by grants targeted towards home ownership for

²⁶¹ Stamsø (2009).

²⁶² Stamsø (2009).

²⁶³ Gulbrandsen (2004).

²⁶⁴ CECODHAS & International Co-operative Alliance (ICA) (2012).

²⁶⁵ Sørvoll & Bengtsson (2016).

²⁶⁶ Stamsø (2009).

low-income households. In 1989, the policy objective that housing costs not exceed 20 per cent of household income was also abolished.²⁶⁷ The objectives that survived this process were to provide housing for targeted groups (low-income, elderly and disabled) and to increase the supply of eco-friendly housing. From 2002, the policies of both the Labour and Conservative parties shifted from supporting home ownership for all, towards housing for targeted groups.

In 2005, grants for municipalities to invest in public rental housing were reduced, and partly compensated for by increased state housing allowances. However, these changes have resulted in public expenditures on housing as share of GDP being significantly reduced since 1980 - in 2001 this was 0.2 per cent, which was half the average level of OECD countries. Public housing has become strictly controlled and available to only a small number of households on very time-limited contracts.

In the cooperative sector, capping of house prices was abolished from the beginning of 1980s, and members became full participants in the wealth effects that derived from increasing house prices. From 1982, independent cooperatives introduced the right to trade housing assets at market value, and in 1988 this became the rule for all cooperatives. From then on, prices of cooperative housing have been based on market pricing, and the only benefit of waiting lists was that seniority would prevail for the otherwise same market based bid. As Stamsø states “[d]eregulation of the co-operative housing sector thus made the tenants similar to home-owners, and the (housing co-operatives) organisations more for owners than for those that wanted to become owners”.²⁶⁸

In the 1990s, this led to Norwegian cooperative companies no longer acting as instruments of municipal housing policy, including through building affordable rental housing without State support.²⁶⁹ The cooperative ideal of self-cost and non-profit production was explicitly abandoned during the 1980s and 1990s, and cooperative housing companies competed in the market with commercial developers. As an example, the expansion of OBOS (originally the Oslo based housing and savings cooperative) over the past 30 years has come partly as a result of merging with smaller housing cooperatives country-wide, whilst also becoming a major owner of real estate and construction firms.²⁷⁰ It now represents almost 50 per cent of Norway’s cooperative housing members and is the largest developer in the country.²⁷¹

As such the Norwegian housing sector was transformed from a publicly financed owner-occupied sector to a privately financed owner-occupied sector. The level of social housing is now the lowest in the Nordic region²⁷² whilst, as shown in **Table 5**, the per cent of home ownership in Norway is now substantially higher than in other Nordic countries.

²⁶⁷ Stamsø (2009).

²⁶⁸ Stamsø (2009, p. 213).

²⁶⁹ Sørvoll & Bengtsson (2016).

²⁷⁰ Sørvoll & Bengtsson (2016).

²⁷¹ OBOS (Oslo Bolig Og Sparelag) (2018c).

²⁷² CECODHAS & International Co-operative Alliance (ICA) (2012).

	Denmark	Finland	Norway	Sweden
Distribution of dwellings on tenure,%				
Owner-occupied	53	59	62	52
Cooperatives	7	1	14	18
Private renting	19	14	19	15
Social/public housing	21	16	5	14
Other		10		
Total	100	100	100	100

Table 5. House tenure composition (2010) in the Nordic countries.

Source: Skifter Andersen (2012, p. 28).

6.5.3 Strengths and weaknesses

Sørvoll and Bengtsson argue that the transformation of cooperative housing from a form of social tenure to a tenure form similar to private ownership signals the ‘death’ of social cooperative and affordable housing in Norway. Mortgages increased dramatically and as a result, real estate agents and banks gained inroads into a market that previously was characterised by non-profit cooperative organisations and personal savings.²⁷³ Gulbrandsen found that at the end of the millennium, growth in household wealth could be attributed to high levels of home ownership and that this increases with age. Less significant were the impacts of inheritance and social background. It could thus be concluded that Norway, having pursued home ownership as a policy objective, has succeeded in distributing wealth in the form of house-based equity to the vast majority of the population.²⁷⁴

At the same time, the housing cooperative sector made positive use of the substantial public resources invested in the post-war era, establishing themselves as providers of large volumes of good quality dwellings that meet increasingly strict environmental standards for a large proportion of the Norwegian population. As such, they provide an alternative tenure form – this diversity is an important feature of a well-functioning housing market, which should include flexibility and freedom of choice.

However, Hatleskog has found that this flexibility is today being largely exercised by housing cooperative members through participation in designing individual specifications within their homes. This contrasts with the 1960s and 1970s, when participatory design methods included a focus on promoting inclusion and social cohesion within an area as a whole.²⁷⁵

While the benefits of being part of a housing cooperative are no longer linked with apartments being more affordable than other dwellings, there are other substantial benefits that are valued in the housing market.²⁷⁶

As the housing cooperatives are non-distributive, surplus from operations do not go towards paying dividends to investors but are being channelled back into building more housing. This

²⁷³ Sørvoll & Bengtsson (2016).

²⁷⁴ Gulbrandsen (2004).

²⁷⁵ Hatleskog (2013).

²⁷⁶ Eek, Stormfelt & Lauridsen (2009).

has ensured a steady supply of high quality middle-class housing, which has the added effect of contributing to reducing the overall price pressures in the housing market.

Until 1980s deregulated cooperative housing dwellings were offered to members according to a seniority principle. The longer the membership, the higher priority for a chance to buy an affordably priced unit or a house or to change house within a cooperative. This led to parents and grandparents paying for their children's and grandchildren's cooperative membership from birth, so as to have accumulated seniority when entering the housing market. The seniority principle is still intact but, as discussed above, the member now must also match the market price bid.

The seniority principle is, however, still an important mechanism for up- or down-sizing through life-stages, as it makes a move to other types or sizes of dwellings within a cooperative easier through avoiding the substantial administrative burden and fees associated with buying and selling on the open market. It also makes it easier to remain in the same neighbourhood throughout a lifespan.²⁷⁷ Gulbrandsen has found that for younger cohorts of home owners, cooperative housing has become transitional - a step on the path to individual ownership for those with sufficient resources to buy another type of dwelling.

A key benefit is tenure security – which is ensured in a housing cooperative, as dwellings cannot be subject to speculation and subletting is strictly regulated (mostly allowed only for immediate relatives). To protect the cooperative community, AirBnB lettings are also not allowed.

The State, counties and municipalities have the right to priority purchase or occupy 10 per cent of units in a housing cooperative complex (also in the case of private condominiums), for the use of disadvantaged people who are unable to purchase housing themselves. The Act also allows for occupancy fees to be paid by non-profit and for-profit operators that support disadvantaged groups.²⁷⁸ Housing cooperatives in Norway, and in particular Oslo, have been vital for securing decent housing for immigrants, as they have more difficulty accessing both social and private rental dwellings.²⁷⁹ There are also more senior people living in cooperatives, while married couples, rural residents and people with high education were the least likely to live in a cooperative.²⁸⁰

Housing cooperatives are generally professionally maintained and today this aspect is largely managed by contractors. Older housing cooperative often have substantial accumulated reserves that can be accessed to fund necessary improvements, such as energy efficiency measures, and maintenance. Brattbakk and Hansen examined large cooperative housing estates in three major cities in Norway, concluding that the cooperative housing model results in well-kept buildings and surrounds, even where the housing stock itself was old.²⁸¹

Substantial training and support for Board members is offered through the Norwegian Cooperative Housing Federation (NBBL) and also through individual housing cooperatives.

²⁷⁷ Sørvoll & Bengtsson (2016).

²⁷⁸ Eek, Stormfelt & Lauridsen (2009).

²⁷⁹ Skifter Andersen (2012); Skifter Andersen, Andersson, Wessel & Vilka (2016).

²⁸⁰ Gulbrandsen (2004).

²⁸¹ Brattbakk & Hansen (2004).

Every six months, OBOS publishes a course catalogue with around 25 different courses that are timed to prepare Board members for the various requirements of the annual meeting and reporting cycle. These include: handling conflict; legal matters; energy-efficiency; website development; insurances, coordinating Annual General Meetings; broadband installation; etc.²⁸² Due to its substantial membership base, OBOS has also negotiated advantages with a large range of service and product providers, such as bank loans, renovation suppliers and tradesmen, house and travel insurance, holiday rentals, travel, tickets for cultural events, etc.²⁸³

The most significant disadvantage of the Norwegian housing cooperative sector is that it can no longer be said to directly contribute to affordable or social housing, due to its market-based pricing. Housing cooperatives operate, compete and collaborate with commercial developers in constructing attractive sustainable living suburbs, with often hundreds of units involved.

However, through the constant supply of substantial volumes of good quality housing suitable for single people, small families, and seniors the sector still helps to reduce pressure on the housing market. With their non-distributive model and autonomous reserves, the large Norwegian housing cooperatives are able to further socially focused objectives, whilst also competing in the market with commercial housing providers.

6.5.4 Exemplar: OBOS - Oslo Housing & Savings Association

The post-war years saw mass housing developments in all the Nordic countries. While Sweden opted to build publicly owned rental units, Norway based its housing system on individual and collective ownership, delivered through housing cooperatives. This approach was adopted to reduce property speculation that would impact urban workers access to housing. Cooperative housing was seen as an intermediate solution between private ownership, which was inaccessible for many workers, and public rental, which would leave workers answerable to a landlord. It provided workers with a house of their own and a say in the governance of the cooperative.

The mass development of post-war housing in Oslo was founded on four pillars:

- 1) financing through the National Housing Bank;
- 2) preparation of infrastructure and release of land for building by municipalities;
- 3) support of housing cooperatives with capacity to implement mass-housing schemes;
- 4) and master planning for future urban development in satellite towns, linked to the city centre with newly built railway lines.

The National Housing Bank provided concessional loans, both to individuals and cooperatives without means-testing, but with strict requirements on maximum costs and minimum quality. Through this arrangement the housing cooperatives could access substantial funds, which ensured substantial supply of affordable and good quality housing.

²⁸² OBOS (Oslo Bolig Og Sparelag) (2018a).

²⁸³ OBOS (Oslo Bolig Og Sparelag) (2018b).

In 1929, the Oslo Housing and Savings Association (OBOS) was established and through open membership offered their members housing units at cost price. Once a housing complex was built and members had moved in, the development would be converted into an independent democratic housing cooperative. Capital from the sale of member's units would be reinvested into new housing developments. As such, these housing cooperatives were based on the notion of solidarity between those who could be provided with a unit and those who were waiting for their turn.

In the post-war years OBOS was in charge of large satellite towns constructed on the outskirts of Oslo and comprising thousands of units. These were often located in close vicinity to nature areas, schools and shops, and public transport infrastructure was provided. The design and implementation was initially authoritarian and undemocratic, being primarily concerned with the technical aspects of the buildings. With pressure from architects and urban planners, gradually a more participatory design process was developed, and the social aspects of co-habitation were taken into consideration.

OBOS's last large-scale satellite town was Holmlia – it was completed in 1982, with 4 300 housing units and around 12 000 inhabitants organised in 11 different neighbourhoods. It incorporated car free zones, public transport hubs, schools, play-grounds and nature areas. It was a modular low-rise development that followed the natural contour lines of the terrain. The result was dense but also airy; urban but in nature; imaginative but thoroughly thought through design.²⁸⁴ The project reintroduced concepts of community and neighbourhood, which had been lacking in the earlier projects, and created a distinct Norwegian identity and context.



Figure 3. Hallagerbakken housing co-operative, Holmlia satellite town, Oslo.
Source: Ascher (2016).

²⁸⁴ Ascher (2016, p. 455).

OBOS is currently investing substantial resources into innovation around smart housing technology, renewable energy and sharing modes. The CEO of OBOS outlined in his vision the importance of being in the forefront of the 'Next Big Thing', which he argues includes smart housing technology, renewable energy, solar power and sharing economy platforms. OBOS also recently developed an *app* for members (Nabohjelp), connecting neighbours to provide and receive help from each other (collecting mail, walking dogs, watering plants etc). In less than six months the *app* had been used by 30,000 members. OBOS has also set aside AUD\$20 million to establish a start-up lab for young entrepreneurs who want to improve living and housing in the sharing economy.²⁸⁵

In many respects OBOS could be said to now resemble any commercial developer, however its cooperative business model continues to differentiate its approach and performance through the reinvestment of surplus into building new housing stock and driving innovation into smarter living and sharing technology. Both of which benefit the Norwegian population at large, and specific target groups in particular. Today, OBOS provides a strong example of the professional cooperative described by Lang and Novy, using its substantial linking social capital to actively improve living experiences and member benefits.²⁸⁶

Relevance: The substantial annual supply of new good quality dwellings provided by a large non-distributive cooperative, has been secured through decades of accumulated wealth and new development is now completely independent from government funds. In larger housing cooperatives, the non-distributive cooperative model also secures funds for adequate training and support, innovation in urban planning and housing design, as well as technologies to improve energy efficiency and sharing economy platforms.

6.5.5 Future directions

The Norwegian Co-operative Housing Federation (NBBL) is the peak body for housing cooperatives, and has as its main objective to continue to promote and lobby government and central agencies on behalf of the co-operative housing model. A key focus for the existing housing cooperatives is the upgrade and renewal of older housing stock, to improve energy efficiency and accessibility for disabled and elderly people.

The biggest challenge for the Norwegian cooperative housing sector is to articulate the benefits of owning a cooperative unit as opposed to a private residence. From a public citizen perspective, these include: reduced property speculation; influence on decision-making through democratic governance; easier up- and down-sizing of housing type through life-stages; and access to a wide range of negotiated member benefits.

²⁸⁵ Siraj (2018).

²⁸⁶ Lang & Novy (2014).

6.6 Denmark

6.6.1 Overview

Denmark, unlike both Sweden and Norway, has quite a small percentage of cooperative housing, with only seven per cent of the total housing stock, or roughly 220,000 dwellings, being cooperatives.²⁸⁷ In total there are around 8,000-10,000 autonomous cooperative housing associations of varying size in Denmark.²⁸⁸ The majority of housing cooperatives are found in the capital, Copenhagen, where housing cooperatives are the most common tenure form, comprising 32 per cent of the housing stock, or around 97,000 dwellings. In contrast, private ownership in Copenhagen is 29 per cent of the housing stock.²⁸⁹ The high percentage in Copenhagen is due to conversion from private or public rental apartment to cooperative housing following a change in legislation in 1976.

The housing cooperatives that are not the result of public rental conversion were largely built between 1970 and 2004 and were targeted towards groups of people wanting to develop intentional communities based on cooperative housing. The government provided incentives for these new types of dwelling to be constructed, leading to their emergence through the 1970s and 1980s as intergenerational communities. Inspired by these, a substantial number of senior co-housing initiatives (around 38 per cent of which were cooperatives) were later built. However, only five per cent of senior residents had previously lived in an intergenerational cooperative housing facility.²⁹⁰

Members of housing cooperatives decide who can buy member shares in the cooperatives. Prices for cooperative dwellings are capped and held lower than market prices. Prices are regulated by a specific law and are determined based on each cooperatives' economy and the value of the unit.²⁹¹ In areas with high prices, such as inner-city Copenhagen, cooperative prices are around 95 per cent of privately owned apartments.²⁹²

Denmark has a substantial social housing sector. A total of approximately 560,000 *Almenboliger*²⁹³ comprise 22 per cent of total housing stock and house around one-sixth of the Danish population. *Almenboliger* housing stock is increasing due to private rental apartments being converted - and the sector is now larger than the private rental housing sector.²⁹⁴

While most of the *Almenboliger* are associations rather than cooperatives, their model of tenant democracy is considered unique in Europe. Hence, they have been included in this report as to many extents this sector can be compared to non-equity or rental cooperative housing. Some of the *Almenboliger* housing complexes are also formally registered as non-

²⁸⁷ Skifter Andersen, Magnusson Turner & Soholt (2013).

²⁸⁸ Bruun (2011).

²⁸⁹ Erhvervsstyrelsen (2013).

²⁹⁰ Pedersen (2015).

²⁹¹ Boverket (2014).

²⁹² Berlingske (2018).

²⁹³ 'Common dwellings' - also called 'common housing estates'; Larsen & Lund Hansen (2018) use 'non-profit housing association'.

²⁹⁴ Boverket (2014); Skifter Andersen, Magnusson Turner & Soholt (2013).

equity rental cooperatives.²⁹⁵ The *Almenboliger Associations* are also members of the Nordic cooperative and common (almen) housing association, Housing Nordic (NBO), which describe themselves as separate from 'pure' public housing.²⁹⁶ Each *Almenbolig* is an autonomous economic entity. Today around 550 different autonomous housing associations receive subsidies to construct and operate *Almenboliger*. Dwellings are targeted at three often disadvantaged groups: low-income families, young people, and older people.²⁹⁷

Financing for new *Almenboliger* housing complexes comes from three sources:

- 1) Eighty-eight per cent of the cost is covered by the State and the Housing Association jointly taking up a loan (*realkreditlån*) in the form of housing bonds (state bonds). The loan is considered very low risk as it is guaranteed by the property and has a repayment period of 30 years. The *Almenbolig* housing association is responsible for repaying 2.8 per cent of the construction costs annually to the state. When the loan is repaid, the payment continues, but with two-thirds of the amount going to a National Housing Development Fund and one-third going to a local development fund. The accumulated wealth in the National Housing Development Fund is of major importance for the financial sustainability of the *Almenboliger* Housing Sector. While initially the fund could only be used for renovation or upgrading of housing stock, due to substantial availability of funds, it is now also used for building new *Almenboliger* Housing Estates.²⁹⁸
- 2) Ten per cent of construction costs are covered by Local Councils in the form of interest free loans. These loans are repaid when the *Almenboliger* association can afford it, up to a maximum of 50 years after construction. The state and municipal loans always amounts to 98 per cent of the costs, but the division between State and Municipal shares can change. This flexibility is actively used by the State to either increase or slow down construction of new developments.
- 3) The remaining two per cent is covered by tenant rental fees.

The majority of construction costs are financed through loans in the (bonds) market, with the National Housing Development Fund acting as guarantor.²⁹⁹ In 2012, legislation implemented a cap on construction cost per square meter for new *Almenboliger* projects, which led to a decline in the construction of *Almenboliger* in expensive inner-city areas. The model of financing used for *Almenboliger* complexes suggests that it is possible to achieve strong growth in the sector with minimal government involvement. The government only acts as guarantor for the housing bonds. This provides an argument for asset transfer from the State to the housing provider, who can then use assets as collateral to obtain financing from lenders.

Councils can allocate up to 25 per cent of the Common Housing dwellings to groups with special needs; and in Copenhagen up to 33 per cent. Municipalities are substantially involved in the allocation of Common Housing dwellings and groups with special needs, such as people living with a disability and older people, are given precedent. Young people with jobs or in study are given priority to common housing dwellings in low socio-economic areas, to

²⁹⁵ Boverket (2014); Erhvervsstyrelsen (2013).

²⁹⁶ Nordiska kooperativa och allmannyttiga bostadsorganisationer (2010).

²⁹⁷ Boverket (2014).

²⁹⁸ Boverket (2014).

²⁹⁹ Boverket (2014).

strengthen human capital and community stability; while low socio-economic households in need of support are directed to neighbourhoods with more social stability.³⁰⁰

In *Almenboliger*, tenants elect a Board of representatives to govern and manage the property. Their decisions include setting the annual rent for the dwellings, but they are obliged by law to make sure that rents cover an independently calculated budget for necessary maintenance and investments to maintain a ‘good middle-class quality standard’, hence the associations are non-profit. As Local Councils are ultimately responsible for maintenance of the dwellings, the Council often has a representative on the Board.³⁰¹ Due to their quality maintenance and affordable rent, *Almenboliger* are attracting renewed interest - especially among younger residents and families wanting to move into inner city living.

The rent setting policy of *Almen* housing units means that older flats are substantially cheaper to rent than new flats. Where a municipality owns several *Almen* housing complexes, no cross-subsidisation occurs. Dwellings are distributed according to waiting lists, with an annual fee payable (approx. AUD\$50) for each waiting list.³⁰²

Recent research into the *Almenboliger* and their supply of affordable housing shows that there has been a process of residualisation in the sector. It also indicates that there are substantial differences in the mix of residents in the *Almenboliger*, as compared to other households. As shown in **Table 6**, this is particularly true for people with disabilities, single households, and immigrant populations.

Almenboliger also have a higher and increasing proportion of people from immigrant populations³⁰³ and of people living below the poverty line.³⁰⁴ The figures show that in some of the poorer suburbs around 25 per cent of people living in the *Almenboliger* have income levels below the poverty line. This has raised concerns about a ghettoisation of suburbs and a call for anti-ghetto activities.³⁰⁵ There are also more people below the poverty line in the cooperative housing sector as compared to the general housing sector, and this increased substantially the five years prior to 2011. The explanation for increasing poverty levels in housing cooperatives would be that tenure is secure and that housing prices are lower than in the private market.³⁰⁶

³⁰⁰ Boverket (2014).

³⁰¹ Boverket (2014).

³⁰² Boverket (2014).

³⁰³ Skifter Andersen, Magnusson Turner & Soholt (2013).

³⁰⁴ Juul (2011).

³⁰⁵ Juul (2011).

³⁰⁶ Juul (2011).

Household type	Common Housing	All types of housing
Population	979,770 (1/6 th Danish population)	Total Danish population
Single households	67%	38%
Single parents	10%	5%
Public benefit/salary for people in working age	34% (14% of these are on disability pension)	10%
Not employed	43%	20%
People over 65 years	21%	18%
Immigrants (either born abroad or with parents born abroad)	29% (Higher in large cities)	4%
Income	33% lower than average	

Table 6. Comparison of *Almenboliger* and broader Danish housing sector

Sources: Landsbyggefonden (2018); Boverket (2014).

6.6.2 Key insights from history

The Danish cooperative housing and the *Almenboliger* social housing systems trace their origins back to the emergence of a strong cooperative sector in Denmark during the 19th century, and from the 1920s when housing was considered a necessary common good. The cooperative movement emerged in Denmark during the second half of the nineteenth century, primarily as a rural and egalitarian movement to promote the agricultural sector. In parallel, the Danish clergyman and educator N.F.S Grundtvig developed the idea of folk high schools - offering the opportunity for adults to learn to read and write, and also to become active and aware citizens contributing to the modernisation of society. The first cooperative housing association dates to 1912, emerging as a result of the activity of building societies, with several following until a peak was reached in 1920.

As a result of political compromise between the Social Democratic Party (who wanted low-cost public rental dwellings for workers) and more liberalist-minded parties (who wanted private ownership), an association-based model of housing was pursued (*Almenboliger*). In 1919 the government established the foundation for the support of housing associations that were '*almennyttige*' - meaning commonly useful, but perhaps better translated as non-profit. This system provided state-guaranteed loans to housing associations which were exempted from real estate taxes. In 1919 the peak body, BL (*Danmarks Almene Boliger*, itself a cooperative) was established and complemented by the 1933 *Law of Almenboliger*.

With the adoption of the Danish social housing act in 1933, the sector was divided into non-profits organised as housing associations and private cooperatives.³⁰⁷ The association-based housing model reflected the compromise between labour party values and liberalist ideas, as it harboured a degree of collective ownership but was neither public housing nor a challenge to the market economy. Importantly, property ownership in a non-profit association belongs to the association or its local branches. This is different to the private cooperatives, wherein members own a share in the common property and have use-right to the dwelling.³⁰⁸

³⁰⁷ Bruun (2011).

³⁰⁸ Larsen & Lund Hansen (2018).

After new legislation was approved in 1976, there was a resurgence of private housing cooperatives which enabled tenants in public rental housing to buy their buildings and establish cooperative housing associations, primarily in the cities. Throughout the 1980s and 1990s, substantial innovation in alternative communities occurred as a result of public subsidies, supporting diversity in tenure forms and led to the construction of new private cooperatives. These new cooperatives (unlike the rental conversions) were constructed around a strong identity - as intentional community cooperatives, providing affordable housing solutions with clear social and environmental objectives. These types of private housing cooperatives were very popular and increased tenfold between the mid-1980s and 2004, when subsidies for these cooperatives became no longer available.³⁰⁹

In a 2002 push towards a more market orientation, the conservative government proposed to open up non-profit housing associations for converting into owner-occupied or housing cooperatives. Both solutions would be steps towards commodification of the Danish housing sector and the dismantling of housing as a cornerstone of the Danish welfare state. To further support this process, the government passed legislation that made it possible for members to take out a bank mortgage, with security backed by the cooperative member share.³¹⁰ This led to market pricing of cooperative dwellings, and in some neighbourhoods has led to substantial gentrification.³¹¹ In 2005, the conservative government opened up a *Right to Buy* scheme of *Almenboliger* units; however, three years later only 44 flats had been sold out of a total 550,000.³¹²

With rising housing prices in the market, *Almenboliger* are again becoming popular for young people and old, but waiting lists are long.³¹³ *Almenboliger* have increased as a percentage of total housing stock and are currently larger than the private housing stock, with private rental housing declining due to conversion into *Almenboliger*. *Almenboliger* are an example of housing that is affordable and which offers a genuine opportunity for people on low incomes who want to live in inner city areas.

6.6.3 Strengths and weaknesses

Where prices for private cooperative dwellings almost equal the price of private ownership of units, the cooperative ideals of egalitarianism, shared profits, and solidarity among cooperative members are challenged. That in turn could lead to reduced social capital and the erosion of social cohesion and neighbourliness, which are the most widely reported advantages of the housing cooperative model. Where more open access to cooperatives has been enabled, previous problems of nepotism have been reduced, which has made it possible for younger families to access cooperative living in the inner city.³¹⁴

Access to housing cooperatives has been difficult for immigrants, due to the allocation of dwellings being controlled by the Boards of the cooperatives that, since the cooperative is an

³⁰⁹ Andelsboligforeningernes Fellesrepresentation (ABF) (2018); Erhvervsstyrelsen (2013).

³¹⁰ Larsen & Lund Hansen (2018).

³¹¹ Larsen & Lund Hansen (2018).

³¹² Nordiska kooperativa och allmannyttiga bostadsorganisationer (2010).

³¹³ Boverket (2014).

³¹⁴ Bruun (2011).

intentional community, tend to choose friends and family members instead of immigrants. The same tendency has been seen in the private rental market. As a result, the *Almenboliger* are the tenure form with the highest immigrant population.³¹⁵

6.6.4 Exemplar: Senior Co-housing in Denmark

There is no single Danish definition of co-housing. The study discussed in this exemplar defined co-housing as:

- a. having a common house where joint social activities and meals could be undertaken;
- b. the resident group constituted as an independent social unit with its own Board of residents;
- c. and a minimum age requirement and/or prohibition of residents having children living with them.³¹⁶

According to Pedersen, the approximately 250 senior co-housing communities were predominantly constructed after 1987, following an initial surge of intergenerational community cooperatives in the 1970s and 1980s³¹⁷ (see **Appendix A** for a summary of the findings from research into resident perspectives on seniors co-housing). This first wave of co-housing communities received public subsidies to support more diverse and alternative living arrangements. While the intergenerational cooperatives were largely intentional communities with people wanting an alternative lifestyle, the senior co-housing communities developed independently and after this movement. Of the 250 co-housing communities, 38 per cent were established as private housing cooperatives, while 55.4 per cent were rental housing established by *Almenboliger* associations.

The first senior housing cooperative was developed by a group of nine single elderly women in Copenhagen in 1987. Since then different tenure models of co-housing have been established, with the majority either rental dwellings provided by *Almenboliger*, or private and independent housing cooperatives. A common denominator is that in both models, the co-housing facility was only developed after an initiative from a group of elderly people approached either a housing association or a developer to help them build the housing.³¹⁸

Senior co-housing has not received much support in national policies, and some municipalities have been supportive while others have refused to be involved. Funding of senior co-housing has been made possible due to the considerable wealth of the *Almenboliger* Associations, or through pooling the resources of individuals when establishing a housing cooperative. It has been difficult to attract private investors to fund senior co-housing (only two of the 250 facilities examined). However, a small company in Jutland specialised in constructing senior co-housing facilities and built 40 facilities sold to private cooperative dwellings. The financial crisis in Europe halted the process of senior co-housing in Denmark, but there is now renewed interest with municipalities passing initiatives to promote senior co-housing, citizen groups emerging, and private developers engaging in the sector.

³¹⁵ Skifter Andersen, Magnusson Turner & Soholt (2013).

³¹⁶ Pedersen (2015).

³¹⁷ Pedersen (2015).

³¹⁸ Pedersen (2015).

In the first ten years of the sector's development, there was little coordination among the different initiatives that were initiated country-wide. However, in the latter part of the 1990s support and construction of senior co-housing became more professional with the more active involvement of municipalities and the *Almenboliger*. This was supported by an influential governance model developed by the consumer organisation *Boligtrivsel* ('Enjoy Housing'). This ensured that co-housing facilities could be built more effectively, while preserving the high degree of resident influence typical of the initial projects. This model led to the rapid construction of another 200 co-housing facilities.

Relevance: The Danish senior co-housing model offers an example of both zero-equity and full-equity self-governed cooperative or co-housing solutions that can be supported through municipal or private developers, and which has substantial social, health and well-being outcomes for seniors wanting to live independently as long as possible. The model would also make home-care for seniors more efficient and reduce pressure on aged care facilities.

6.6.5 Future directions

The Danish cooperative housing sector largely consists of three types of cooperatives:

1. intentional intergenerational community co-operatives, developed early in the 1970s and 1980s;
2. senior housing co-housing legislated as private cooperatives; and,
3. inner city housing cooperatives that resulted from large scale conversion of rental housing to housing cooperatives, when legislation changed in 1976.

Around half of the third type of cooperative are in Copenhagen and are very attractive for inner city living. While initially inner-city housing cooperatives were substantially cheaper than privately owned apartments, this is no longer a substantial advantage with prices ranging from 70 to 95 per cent of private dwellings.³¹⁹

The future prospect for the housing cooperative sector in Denmark focusses on the prospects of the cooperative model to become more attractive, especially to meet the needs of both young and older single households in urban areas. The cooperative structure, which gives members priority to buy first, provides a mechanism that increases mobility between types of dwellings and reduces moving costs. This could potentially be more attractive in the future as people may be less concerned with private property and stability, and more interested in flexibility and mobility. Especially for seniors, who are often wealthier, recently constructed housing cooperatives with better amenities may be more attractive and feel safer.

However, threats to the expansion of the cooperative housing model could exist in the perceived stricter collective rules and regulations that might not fit with younger people's desire for flexibility and individuality. While community responsibilities may be seen as too

³¹⁹ Berlingske (2018); Institutet for Fremtidsforskning (2008).

onerous for more individualistic younger generations, young millennials are keen to share resources.³²⁰

The mix of housing stock in Denmark is a clear result of the prevalence of social democratic ideologies that have supported social equality and long-term investment in the rental sector, namely in a non-profit market delivered by the *Almenboliger*.³²¹ The long-term view upheld by the *Almenboliger* associations means that they now have considerable wealth that can be used for future construction with little government involvement. Another aspect of the *Almenboliger* sector is its strong focus on autonomy, local empowerment, and democratic decision-making. In many aspects the Danish public rental sector can be viewed as analogous to non-equity cooperatives providing security of tenure and affordable housing for one-sixth of the population.

There is increasing demand for *Almenboliger* due to both an ageing population and increasing number of refugees and immigrants, but also among young people who would rather rent a dwelling in inner city than own their own house in the suburbs. Future challenges will include how to respond to these demands while at the same time avoiding ghettoisation or ethnically oriented tension.³²² A report on the housing stock situation points to debate as to whether refugees and immigrants are a benefit or cost to society.³²³ This is a very sensitive debate in the current Danish political climate, with an anti-immigrant and anti-refugee stance taken by the current government.

Larsen and Lund Hansen³²⁴ show that in recent years there has been a process of commodification of the uniquely Danish housing system, through three processes:

1. the conversion of non-profit housing towards co-operatives, combined with market-pricing and possibility of mortgaging of co-operative member shares leading to gentrification of inner city areas;
2. the use of the National Housing Development Fund for other purposes than to construct new non-profit housing association houses, instead tranches are being used to construct housing for seniors and youth; and,
3. a *Right to Buy* scheme, introduced in 2004, allowing tenants in non-profit housing associations the right to buy their unit.

The scheme did not succeed, with only 62 units (out of 5,000) sold between 2004 and 2007. The legal basis for this is that in non-profit housing association dwellings are neither owned by local nor central government, but by non-profit organisations formally run by tenants (collective ownership, democratically governed). Until now, any attempt to privatise a separate unit has been blocked by the owners (the associations and non-profit companies) who own the housing.³²⁵

³²⁰ Institutttet for Fremtidsforskning (2008).

³²¹ Alves (2017).

³²² Boverket (2014).

³²³ Housing Nordic (NBO) (2017).

³²⁴ Larsen & Lund Hansen (2018).

³²⁵ Larsen & Lund Hansen (2018).

So, while Danish housing cooperatives are market priced and therefore mostly do not offer affordable housing, the much larger non-profit housing sector does, and remains intact despite strong political pressures to deregulate this uniquely Danish version of welfare politics, where a right to housing is implemented for between one-sixth and one-fifth of the population.

6.7 Austria

6.7.1 Overview

Austria pursues a supply-oriented housing strategy, with the construction of large numbers of units each year (15,000 in 2012-2013).³²⁶ As a result, the Austrian housing system provides a stable supply of high quality affordable housing, and the sector has not been subject to the same housing price ‘booms and busts’ as experienced in other European countries.³²⁷ Limited-profit and municipal housing account for 20 per cent of total housing stock and 51 per cent of the rental sector, with housing cooperatives being significant contributors to this; hence, “every sixth inhabitant of Austria lives in an apartment built and/or managed by a limited-profit housing association today”.³²⁸

This is what Kemeny³²⁹ refers to as an integrated rental system, where the government uses incentives and/or regulations to keep public and private rental at similar levels. This is unlike the dualist system evident in Australia and elsewhere, which is characterised by a highly regulated low-grade public rental system together with a market-based private rental system that is fuelled by government policies such as negative gearing, and international investors.

In Austria in 2010, there were 461,000 individual housing cooperative members, and 99 housing cooperatives with 368,000 housing units. This represented eight per cent of the total housing stock and 15 per cent of the total multi-family-housing stock, of which 25,000 were rental units (15 per cent of the total rental housing stock) and 113,000 were owner-occupied units (21 per cent of total owner occupation housing stock).

The limited-profit housing companies’ portfolios are also members of the Austrian Federation of Housing Co-operatives. At the end of 2010, there were 94 limited-profit housing companies for 427,000 units, representing 10 per cent of the total housing stock; 18 per cent of the total multi-family-housing stock, representing 293,000 rental units (16 per cent of the total rental housing stock); and 133,000 owner occupied units (25 per cent of total owner occupation housing stock).³³⁰ Cooperative housing is defined as social housing, and comprises 16 per cent of total rental housing stock. The cooperative rental members have a right to buy the dwelling after ten years’ membership.

Rental prices are lower than private dwellings. One third of all new housing stock is classified as social housing; that is, both housing cooperatives and other public social housing.³³¹ Limited-profit housing cooperatives are regulated under the *Limited Profits Housing Act*, which requires that all assets are tied to housing and reinvested into new housing. Rental fees are fixed and calculated to cover the appropriate cost of land, construction, administration, and financing. Rents must include amounts dedicated for repairs and long-

³²⁶ Pittini, Ghekière, Dijol & Kiss (2015).

³²⁷ Rumpfhuber, Klein & Kolmayr (2012).

³²⁸ CECODHAS Housing Europe & ICA Housing (2012).

³²⁹ In: Alves (2017, p. 223).

³³⁰ CECODHAS Housing Europe & ICA Housing (2012).

³³¹ CECODHAS Housing Europe & ICA Housing (2012).

term maintenance. The rents charged must be justifiable and tenants and member-owners can request an assessment if they wish to. Once the loans are repaid, the rents are regulated.

Sale prices for owner-occupied dwellings are also regulated. Limited-profit housing cooperatives are exempt from corporation tax (tax on income). Access to housing cooperative units is determined by the income levels of future residents, and some units are accessed by local authorities for referrals through the welfare system.³³²

Around 90 per cent of new housing cooperative projects are supported by public financing mechanisms.³³³ Typically 10–15 per cent of investment capital comes from a housing cooperative developer; up to 25 per cent from cooperative members' own contributions (*Eigenmittel*); and 30–60 per cent is loaned on concessional terms from the State/Federal government. If further capital is required, this will be sought on commercial terms in the open market. Seventy-five per cent of funds in the concessional term loans are provided to the States by the Federal government to support the construction of social rental and housing cooperatives.³³⁴

In Austria, the non-profit housing sector - both housing cooperatives and limited-profit companies - are required to be members of the Austrian Federation of Limited-Profit Housing Associations – Auditing Federation (GBV). GBV has 193 members and includes 795,000 housing units (rental and owner occupied), representing 18 per cent of the total housing stock and 33 per cent of the total multi-family-housing stock in Austria.

Austria's social housing sector comprises municipal public rental dwellings and 'for common benefit housing associations' (*Gemeinnützige Bauvereinigungen*). These are often called *Wohnbau Genossenschaften*, which means housing cooperatives. The latter form can appear in multiple legal forms – as a rental, non-equity housing cooperatives; a mixed equity share-holding company; and as a share-holding company limited by guarantee. There are approximately 100 housing cooperative associations, 80 shareholding companies limited by guarantee, and ten share-holding companies.

Some of these dwellings are subsidised and targeted towards low- and medium-income citizens and are not accessible for households above a certain income level. Access to both municipal rental and cooperative rental properties is via a "housing ticket" (*Wohn-Ticket*) that is issued by the municipality. Eligibility for a 'ticket' is calculated based on income and household needs and conveys the right to be entered onto waiting lists for both social and cooperative housing. Applicants can only refuse an offered residence once and if this is exceeded they must wait three years before applying again.³³⁵

As a matter of policy, rental fees are set at slightly below market rates to prevent any potential class divide occurring between public and private rentals. In 2016 the social housing rental price was calculated at 36 Euro per square metre per year, which for a unit of 85 square metres, would be equivalent to around AUD\$4,760 per year or AUD\$92 per week (OANDA Currency exchange 27-5-2018). On average household costs amount to around 27

³³² CECODHAS Housing Europe & ICA Housing (2012).

³³³ CECODHAS Housing Europe & ICA Housing (2012).

³³⁴ Boverket (2014).

³³⁵ Boverket (2014).

per cent of net income of the resident.³³⁶ In 2013, average housing costs, including running costs, for all of Austria was around 80 Euro per square metre per year. In housing cooperatives (*Genossenschaftswohnungen*) the rental costs were calculated at 72 Euro per square metre per year. In comparison private rentals on average cost 93 Euro per square metre per year.

The average size of housing cooperative units is 71 square metres. In housing cooperatives, the member/owners pay the *Eigenmittel* (own) contribution, which in Vienna could amount to around 450-500 Euro per square metre, which is around AUD \$55 000 for a unit of 71 per square metre. The resident may also be eligible for a loan from the State for any amount over 200 Euro per square metre.³³⁷

Housing cooperative are largely financed through concessional loans by the state, but may also seek capital loans through the open market. They are generally considered financially strong enterprises, with the largest housing cooperative in Vienna, Socialbau AG, having a triple AAA credit rating.

6.7.2 Key insights from history

Limited-profit housing cooperatives have a long tradition in Austria, following rapid population growth and poor housing conditions in the second half of the 19th century. The oldest remaining housing cooperative was founded in 1895, as a self-organised effort to solve housing needs and received no public support. The first limited-profit housing development company was established in 1907 and in 1908 the first public funding system was established by imperial sanction. In 1910 the first Housing Welfare Fund was established, which included the essential components of the Austrian housing policy, with an active State intervention that governs matters such as limited-profit shares, reasonable rents, tying-up of assets, and government auditing.

Lang & Novy outline three different stages of governance culture experienced in Vienna:

1. The initial grassroots movement during the “Red Vienna” period (1918 to 1933); the developments are best described as community cooperatives with homogenous and value-based members;
2. A long period of state-centred corporatism (1945-2000) with national regulation and a hierarchic bureaucracy; these are best classified as professional cooperatives with a larger and more diversified membership; and,
3. A period of liberalisation and deregulation since 2000, which was coupled with a socially oriented approach to urban planning.

This most recent period has seen the establishment of limited-profit corporations (not cooperatives) that have heterogenous and instrumental (not values based) membership. Representatives of all these three types of cooperatives still exist in Vienna.³³⁸

³³⁶ Boverket (2014).

³³⁷ Boverket (2014).

³³⁸ Lang & Novy (2014).

6.7.3 Strengths and weaknesses

As outlined by Lang and Novy, one outcome of deregulation for housing cooperatives has been greater access to private capital through the open market alongside reduced levels of public sector subsidies. Instead subsidies are now targeted towards delivering specific social outcomes, such as social sustainability and cohesion, through use of innovative urban planning and architectural design methods. This has resulted in a shift away from non-profit and public housing, towards limited-profit housing.

These entities are mostly large corporations, with multiple subsidiaries that use different legal forms. This configuration facilitates their development of both commercially-based and subsidised limited-profit housing. Lang and Novy suggest that these recent developments can be interpreted as an on-going process of marketisation that is driving an increasingly corporate management orientation. They argue that this scales back member interest and thereby leads to the cooperative gradually coming to resemble a corporate organisation.³³⁹

However, at the same time, the innovative urban planning and design resulting from this approach have also developed social capital based in cooperative housing models using substantial private-public partnership funding, which is unique in Europe. This appears to be one of Europe's best-practice models which goes beyond purely market-led housing provision.³⁴⁰

6.7.4 Exemplar: Social cohesion in housing cooperatives in Vienna

Lang and Novy's research examined how cooperative housing influenced social cohesion in Vienna, and in particular connections (linking social capital) between residents in housing cooperatives, housing managers, and policy makers. They studied the governance regimes of three types of cooperatives: community cooperatives, professional cooperatives, and limited-profit organisations.

They found that while bonding social capital was highest in the community cooperatives, that the professional cooperatives offered greater potential to develop linking social capital (connections with housing managers and policy makers). As a result, these entities and their members have increased capability to act as important voices in urban planning and policy, beyond their own neighbourhood, and can provide policy makers with innovative ideas and resources based in residents' lived experiences.³⁴¹

In Vienna, the availability of public and social housing directly influences the private market, keeping the quality of housing relatively high and the prices for rent relatively low.³⁴² These social housing complexes are distributed evenly throughout the city, resulting in little socio-spatial segregation and modest changes in rent between districts. In Vienna around 60 per cent of its 1.7 million inhabitants live in subsidised apartments built over the last 80 years, of which 136,000 are owned and managed by cooperatives and 220,000 by municipalities.

³³⁹ Lang & Novy (2014).

³⁴⁰ Lang & Novy (2014).

³⁴¹ Lang & Novy (2014).

³⁴² Rumpfhuber et al. (2012).

The City of Vienna has a tradition of organising ‘developers’ tender contests’ for limited-profit housing developments and, through these, obtain high quality designs from famous international architects. The city has also been proactive in planning theme-based settlements - such as ecological housing estates, and traffic free housing estates - and also in mainstreaming gender considerations in planning, and planning for new forms of living and working. Through these pilot projects, innovative architecture is subsidised and valued.³⁴³

Relevance: The study of social capital derived from different types of housing cooperatives reveals that traditional community housing cooperatives generate bonding social capital, which provides residents with a sense of security and social inclusion. However, the larger professionally administered housing cooperatives and the limited-profit organisations contribute more innovation and improved urban design features due to the linking social capital they develop (external networks – e.g. policy-makers and planners). These contributions are increasingly required as inner-urban housing planning becomes more complex. The importance of having housing cooperatives as active democratic voices in urban planning and policy is an important element for future sustainable urban growth.

6.7.5 Future directions

There are indications that even in the well-functioning housing sector in Austria there are changes occurring as a result of deregulation. These changes are leading to rapidly declining numbers of new social and/or cooperative housing developments and also to shifts away from low-rise houses towards larger apartment complexes. This latter is at least partly due to energy-efficiency concerns and measures.

There are also indications that developers are not meeting housing demand due to changing demographics. For example, the average household is now a single household and there are ‘new’ housing needs for blended families, ageing people, and migrants.³⁴⁴ The provision of affordable housing options for people with low-incomes, precarious work, migrant backgrounds, and other groups requiring social support is also a growing issue.³⁴⁵

In their study on collaborative housing models in Salzburg and Vienna, Lang and Stoeger found that centralised state and regional regulation of housing development has led to a focus on large-scale cooperative housing providers. They suggest this has hindered the development of smaller self-organised cooperatives, which are popular in neighbouring countries such as Switzerland and Germany. They recommend that new smaller cooperative initiatives, like *Baugruppen*, should partner with larger “traditional” cooperatives in order to position themselves to access funding and secure regional land sites. Local government is a key stakeholder in this as it is able to facilitate access to affordable land, strategic land-use planning provisions, and developer ‘tender competitions’.³⁴⁶

³⁴³ Förster (2002).

³⁴⁴ Boverket (2014).

³⁴⁵ Rumpfhuber et al. (2012).

³⁴⁶ Lang & Stoeger (2018).

7 Major global trends

7.1 Introduction

This section provides an overview of potentially useful developments and ‘trends’ in the cooperative housing sector, in countries other than those covered in the more in-depth profiles provided in **Section 6**. The discussion is based on review of available academic and industry literature.

Section 7.2 provides an overview of the trends emerging from the academic literature, the majority of which is based on empirical research. It is evident that research into cooperative housing related matters is limited globally, and that what is available tends to focus on one or a regional collection of countries, or on case studies of particular varieties of what can loosely be grouped as cooperative housing. The most coordinated strand of relevant publications can be found in two journal special issues. The first is a special issue on governance in cooperative housing, which featured in the *International Journal of Cooperative Management* in 2013. The second is a special issue on self-managed collaborative housing initiatives that appeared in *Urban Research and Practice* in 2015. Where relevant, articles appearing in these publications are drawn on and referenced throughout the discussion below.

Section 7.3 offers examples of policies and practices emerging around the world. This draws substantially on the CECODHAS/ICA report,³⁴⁷ as it provides summaries of cooperative housing practice and historical trajectories from 22 countries around the world and is the only such collection available in the literature. As the collection demonstrates, context-specific factors strongly influence the development of policy and practice trajectories. Relevance to the Australian context has therefore been considered in selecting the trends included in this section. Lang and Stoeger’s research has also found that development trajectories are context-sensitive, including at the level of different regions and cities within the same country, due to policy variations and other local influences.³⁴⁸ This would be a factor to consider in designing further locally-focused research.

7.2 Trends emerging through academic research and literature

As a field of research ‘housing studies’ is diverse, with common framings including quantitative analyses of national housing markets, and macro-level policy analyses of national housing systems, both comparative and country-specific (for example, over time). The latter often have a direct advisory function for governments, and as such may focus on descriptive content. Social housing usually sits within these approaches, as a sub-set of the broader housing system.

Transnational analyses (in Europe, at least) identify trends that are reducing access to social housing to a small part of the population, triggered by a decline in public expenditure on housing subsidies and a general withdrawal from public housing. As a result, non-profit

³⁴⁷ CECODHAS Housing Europe & ICA Housing (2012).

³⁴⁸ Lang & Stoeger (2018).

housing providers are increasingly relied on in the delivery of social housing policy,³⁴⁹ and in some jurisdictions these include cooperative housing providers.

Mullins et al.³⁵⁰ highlight the trend of increasing hybridity in business models amongst housing organisations, stemming from this broad-scale reconfiguration of housing systems occurring in North-Western Europe, the USA and Australia. They argue that policies seeking to substitute private for state expenditure have been key drivers in bringing about this structural change within the sector, and suggest this hybridity is evident across three dimensions: 1) in financial dependencies, where mixed state and market funding are common; 2) in *governance structures*, as a result of diverse stakeholder mixes and/or through separation of charitable and commercial activities; and, 3) in products and services, where combinations of housing, social and neighbourhood support are increasingly offered.

These are all characteristics commonly referred to in definitions of social enterprise, and this is a lens suggested as useful for understanding the broad changes taking place in the non-profit housing sector. For example, Mullins et al. draw together arguments generated through studies undertaken in the Dutch, English, and Australian contexts to suggest that complex hybridity requires a ‘balancing act’ similar to that experienced by social entrepreneurs, with ongoing compromises and trade-offs required as institutional rules and norms compete.³⁵¹

However, there seems to have been some reluctance, from within the sector itself, to use the terminology of social enterprise and to draw on learnings from this related field. Mullins et al. point to the need for more systematic research to better understand how meanings are applied to concepts across different contexts, so as to generate more consistent and coherent interpretations of the processes and impacts of change.³⁵² In relation to the Australian context, these would include those of individual housing cooperative members, housing cooperative organisations, potential supporters and partners, and policymakers.

McKee also highlights the broad-scale reconfiguration of housing systems taking place around the world. Influenced at least in part by austerity budgets and welfare reform agendas, similarly to Mullins et al. she suggests that financing models and the involvement of multi-sector actors are reshaping responsibilities and the locus of control.³⁵³ In the face of growing demand for affordable housing, Lang and Roessl report increased political and academic interest in cooperative organisations, and that they have recently been ‘rediscovered’ as offering an innovative alternative to rental models.³⁵⁴ Lang and Stoeger suggest the increasingly pressing need to find innovative affordable housing solutions in the wake of the economic crisis is a key policy driver for the interest in cooperative housing projects. They note however, that there remains limited research data available on which to base analyses of relevant models³⁵⁵ – and this could be elaborated to note that the gap includes comparative studies on different types of models, as well as effectiveness in relation to the affordability goals.

³⁴⁹ Balmer & Gerber (2017, p. 3).

³⁵⁰ Mullins, Czischke & van Bortel (2012).

³⁵¹ Mullins, Czischke & van Bortel (2012).

³⁵² Mullins, Czischke & van Bortel (2012).

³⁵³ McKee (2015, p. 2).

³⁵⁴ Lang & Roessl (2013, p. 8).

³⁵⁵ Lang & Stoeger (2018, pp. 35-36).

One study that does look at the effectiveness of cooperatives in addressing housing affordability issues focuses on the Swiss experience. In this context, Balmer and Gerber explore the ongoing support and success that housing cooperatives have sustained over decades, despite a ‘liberalising political landscape’ in which social housing comes with increasingly strict access conditions and penalty provisions. Their study across five Swiss cities found

the preferred support mechanisms for affordable housing are those that have no direct effect on the integration of less privileged people in the general housing market, but that lead to non-profit management of the dedicated building stocks... [which] reduce the influence of profit-seeking strategies on real estate markets.³⁵⁶

Their findings suggest, at least in the Swiss context, that when targeted at addressing housing affordability broadly, including middle-income rather than just low-income beneficiaries, “housing cooperatives are the housing support mechanism the whole political spectrum can agree on.”³⁵⁷

Lang and Roessl suggest that changes to the policy environment around social housing (such as deregulation and liberalisation) are also driving a redefinition of the organisational identity of cooperative housing providers, as their governance functions are broadened to include external, societal roles that go well beyond their primary membership base. These wider responsibilities and the involvement of more diverse partners has also led to stronger demands for accountability and control of organisational governance functions. As a result, more corporate-style governance models are evident in cooperative social housing providers. The opportunities arising from the changing policy environment stem from the community engagement and empowerment outcomes cooperative housing providers are perceived to generate.³⁵⁸

McKee suggests there is a connection between these broader-scale trends and a ‘small but subtle shift’ towards promotion and growth of cooperative, mutual, and self-build housing and ‘in-community asset ownership’ more broadly (beyond social and affordable housing agendas), which can be identified in the UK, the USA, and in Europe.³⁵⁹ As discussed in the UK Country Profile section, a multitude of overlapping terms are often used to describe housing practices that can be grouped broadly as cooperative. In the UK, the terminology now in use is that of ‘community-led housing’.

In Austria, ‘collaborative housing’ is suggested as an umbrella term for an emerging movement that encompasses diverse practices that prioritise participation and orient housing provision ‘towards the collaboration of residents among each other’.³⁶⁰ In Germany, *Baugruppen* is the term for smaller self-organised cooperatives.³⁶¹ In France, a ‘participative housing’ law was passed in 2014, to encourage innovation in housing provision, including collaboration between housing associations and groups of citizens interested in developing

³⁵⁶ Balmer & Gerber (2017, p. 20).

³⁵⁷ Balmer & Gerber (2017, p. 1).

³⁵⁸ Lang & Roessl (2013, p. 8).

³⁵⁹ McKee (2015, p. 2).

³⁶⁰ Lang & Stoeger (2018, p. 36).

³⁶¹ Lang & Stoeger (2018).

co-housing projects.³⁶² The term *habitat participatif* differentiates co-housing from other related forms of cooperative housing that include a variety of different types of legal entity, social groups, types of architecture, planning models etc. and for which a multiplicity of terms are used, ‘even when they are similar’.³⁶³

Whilst the context varies from country to country, broader trends towards decentralisation, increased self-reliability and participation, and ‘custom-made’ solutions underpin the growing policy interest in participatory housing models.³⁶⁴ The emphasis is therefore also perhaps reflective of the perceptions that Lang and Stroeger draw attention to in the Austrian context – that over time more traditional housing cooperative models have become synonymous with large-scale, top-down housing provision. They can be important partners for participatory initiatives however, as they are often well positioned with local government and these relationships are often central to accessing affordable land and land-use planning provisions.³⁶⁵

Within the ‘broad church’ of the more participatory approaches, co-housing models are attracting considerable attention from researchers, including a strong focus on initiatives involving older people (as discussed further below). Co-housing suffers from ‘fuzzy boundaries’, in practice and in research, but Tummers suggests there is evidence of similarity in ambitions, including: collaboration on building and management; creation of practically useful social networks (especially in the case of seniors and young families) and non-anonymous neighbourhoods; a way to practice a ‘discourse of diversity, solidarity and inclusion’; access to non-speculative affordable housing; gaining energy efficiencies to reduce living costs; and reduced ecological footprints more broadly.

Tummers also finds that both members and policymakers hold high expectations about the resilience and impact of projects, but that the value and contribution to housing provision and urban planning objectives has to date been assessed only at the case study level.³⁶⁶ Based on a later meta-review of co-housing literature over a decade, Tummers finds that factual assessments of volume and performance are rare, and that consideration of the definitional boundaries of co-housing will be a key concern for further research.³⁶⁷

Moore and McKee suggest that increasing interest in another cooperative housing variant can be found in the growing numbers of community land trusts in the USA, the UK, Canada, Australia and Kenya. They define community land trusts as non-profit volunteer-led organisations that “acquire and manage land with the intention of holding it in trust and developing affordable housing and other community amenities”.³⁶⁸ That broader definition and sector includes forms that are not legally constituted cooperatives; the latter form a subset of community land trusts.

Moore and McKee suggest that the emphasis on affordable housing delivery is key to the recent uptake, along with interest in potential community empowerment outcomes.

³⁶² Coudroy de Lille (2015, pp. 29-30); Labit (2015, p. 43).

³⁶³ Bresson & Deneffe (2015, p. 5).

³⁶⁴ Tummers (2016, pp. 2023-2024).

³⁶⁵ Lang & Stroeger (2018, p. 36).

³⁶⁶ Tummers (2015 b, pp. 64-65).

³⁶⁷ Tummers (2016, p. 2024).

³⁶⁸ Moore & McKee (2012, p. 280).

However, they argue that further research is required to determine whether community land trusts do generate the desired governance participation outcomes, and whether the energy, skills and general resourcing required of members can be sourced and equitably sustained across diverse and higher numbers of initiatives.³⁶⁹

7.3 Examples of policies and practices

In 2016 the Second International Conference for Cooperative Housing was held in Egypt, with over 1,200 people from 35 countries³⁷⁰ in attendance over three days. The conference was:

held to reflect global interest in the importance of integrating various cooperative activities for the establishment of modern societies which provide adequate housing and services, economic potentials as well as job opportunities in the same location.³⁷¹

The number and diversity of participants provides some indication of the growing policy and practice interest that is emerging around the world. Much of this interest stems from the societal and policy objectives that cooperative housing models are perceived as contributing to. As identified by Housing Europe, key housing-related issues that policy makers and other interested stakeholders are struggling to address across the region are: rising costs and overburden (as a percentage of household income); a generational gap affecting young people; decreased production of social housing and increasing waiting lists; and high levels of mortgage indebtedness and, in some countries, increasing default rates.³⁷² These are by and large similar to issues evident in the Australian housing system.

For many there is a seeming ‘common sense’ match between these issues and what cooperative housing could offer by way of redress. However, a robust evidence base remains thin, and there are many aspects where well-designed research could contribute to improving understanding of the ‘what, how and why’ of cooperative housing. This notwithstanding, practical implementation of a wide range of supporting policies and exploratory practices are in place and continue to evolve. This section provides a selection of examples that have potential relevance to growing and strengthening the cooperative housing sector in the Australian context.

As with discussions in the Australian sector there are shifts towards **diversification in target groups** and Portugal provides an interesting example in this regard. Development work on a State Strategic Housing Plan has seen the emphasis of discussions move from a ‘social housing policy’ to a ‘social policy for housing’. Policies and market conditions had previously led to an expansion of housing cooperatives and a related shift in the make-up of membership – from a focus on primarily low-income families to more middle and middle-upper income families. In this context, policy interest now seems to be moving towards creating dwellings that meet the ‘different needs of citizens and families throughout their lives’. Three ‘axes’ for this shift are specified: building at controlled costs, rehabilitating

³⁶⁹ Moore & McKee (2012, pp. 280-281).

³⁷⁰ Including reasonable representation from ‘developed’ countries, although none from Australia.

³⁷¹ Ministry of Housing, Utilities & Urban Communities (2016, pp. 17-18).

³⁷² Pittini et al. (2015, pp. 14-17).

existing stock, and stimulating the rental market; and cross-sectoral partnerships are presented as the mechanism for achieving the combination of these that will be needed to meet the aspired to goals.³⁷³

Belgium provides another example of target group diversification through the establishment of a ‘new cooperatives of home-owners’ project. This is designed to meet the needs of cooperative housing tenants who have increased their income beyond social housing caps, and to help address affordable housing shortages. ‘**Intermediate**’ housing is provided within the social housing estates, with the members contributing 10% of construction costs as a down payment and being entitled to an ownership right based on a long-term lease (27-99 years).

Access to favourable loans and government assistance for this group provides a supported pathway for diversifying tenure mixes. The vacated unit becomes available for people on lower incomes, also helping to improve availability at this end of the market.³⁷⁴ The scheme was new and small-scale at the time of publication, however this innovative model demonstrates a humane and realistic approach to facilitating **tenure progression**. Acting on tenure progression opportunities could provide one practical and achievable strategy towards addressing affordable housing shortages.

Another approach to tackling shortages in affordable housing in Belgium are the **cooperatives of non-profit associations** – formed at the organisational level to collaborate on buying and renovating existing dwellings, and then letting them at moderate rents.³⁷⁵

Italy has, reportedly, one of the most severe housing shortages in Europe, in general and in affordable housing in particular, and this trend is predicted to worsen over coming years. Groups where significant demand has been identified can be characterised by **precarious employment conditions** and include: elderly people (highest proportion in Europe of over 65s); university students living away from home; workers with temporary contracts; young people 25-35 years of age; and young couples with small children. In response, the cooperative housing sector has modified its strategy to include a focus on building affordable rental housing in the form of social housing cooperatives.³⁷⁶ Housing affordability issues are impacting these same groups in Australia, and they therefore offer a prospective market for appropriately positioned cooperative housing schemes.

Like Italy, other westernised democracies are also facing significant housing challenges related to ageing populations. As a result, there is growing interest in policies that foster ‘**ageing in place**’, as it is thought to allow for a more dignified and engaged ageing process, one that recognises the importance of community and facilitates choice and autonomy. Schwartz suggests that in the Australian context, that non-profit non-equity models would seem to have strong potential for addressing the housing needs of ‘asset poor’ older people

³⁷³ CECODHAS Housing Europe & ICA Housing (2012, pp. 63-65).

³⁷⁴ CECODHAS Housing Europe & ICA Housing (2012, p. 14).

³⁷⁵ CECODHAS Housing Europe & ICA Housing (2012, p. 14).

³⁷⁶ CECODHAS Housing Europe & ICA Housing (2012, p. 47).

but notes that there are no existing examples and scarce research that would facilitate informed consideration of the potential.³⁷⁷

Labit's research into European co-housing models involving seniors (many of which are inter-generational) has identified that, despite a direct correlation between co-housing and happier and healthier seniors not being proven due to a high number of variables, that when a balance between autonomy and community living is found that, in addition to the health and wellbeing benefits for individuals, they may also offer an 'economically valid' solution attractive to a welfare state in crisis. As a result, housing associations in the UK and France have become involved in related projects.³⁷⁸ Interest in collaborative housing models for elderly persons is emerging in Germany also;³⁷⁹ and a Finnish study found that a 'sense of community' is central to successful seniors co-housing initiatives, with this being identified as involving not just co-habitation but also participation in communal activities like sharing meals.³⁸⁰ Interest in **seniors cooperative housing** models is growing in other countries, particularly in the USA and Scandinavia.

Housing provision for **people living with disabilities** is another area where cooperative housing models have much to offer. Research based information does not as yet seem to be available, however the Supported Independent Living Cooperative³⁸¹ recently established in Australia offers an innovative example of possibilities in relation to housing provision for this group of complex needs citizens.

Participatory models of cooperative housing also have potential for contributing to 'maintaining the infrastructures of everyday life' in **spatially challenging contexts**, where sharing of tasks and resources can significantly reduce burdens on individual households. Using Austrian case studies, Wankiewicz suggests innovations in planning and housing policy could support 'shrinking rural regions, peri-urban single-housing sprawl and smaller towns' to bring about demographic changes through co-housing initiatives, with self-build friendly planning frameworks identified as an important attractor. He also stresses the important role intermediary bodies play in supporting citizen groups and in facilitating productive engagement with government authorities.³⁸² Australia's geography would seem to lend itself well to a spatially oriented promotion of cooperative housing models.

To support quality outcomes in cooperative housing development and management, **professionalised capacity building** programs and systems are offered in some countries. A multi-faceted example can be found in Portugal, where over time FENACHE has established a cooperative study centre, a Charter for Quality in Co-operative Housing, and a Quality Management System (QMS). FENACHE administers the certification process associated with the QMS.³⁸³ Estonia has a two-pronged approach. EKYL (Estonian Union of Co-operative Housing Associations) has established a Training Centre that offers a 160-hour education program to cooperative housing executive directors. This program operates under a licence awarded by the Ministry of Education and Research, and so is able to convey a

³⁷⁷ Schwartz (2014).

³⁷⁸ Labit (2015).

³⁷⁹ Lang & Stoeger (2018, p. 49).

³⁸⁰ Jolanki & Vilkkko (2015).

³⁸¹ For more information, see: www.silc.coop

³⁸² Wankiewicz (2015, p. 47).

³⁸³ CECODHAS Housing Europe & ICA Housing (2012, pp. 64-65).

Certificate of Real Estate Manager on completion. EKYL also offers a certification program for housing cooperatives - the Good Apartment Association award is valid for two-years and recognises positive reviews of legal and financial status, and of building conditions.³⁸⁴ Similarly, in Kenya, the NACHU (National Cooperative Housing Union) provides technical services and capacity building programs to its primary cooperative members, and with the backing of international organisations also provides microfinance loans.³⁸⁵

Where social housing objectives are intertwined with those of a cooperative housing provider, the trend towards **co-production** that is emerging in Europe is significant and shows how the shift towards participatory approaches (discussed above) is finding its way into this more traditional part of the sector also. As outlined by Housing Europe, as social housing provision declines the socio-demographic gap between tenants and the wider population is growing. In this context, social housing providers are increasingly working with and have some responsibility for the most marginalised citizens. Working with these people and their families to design the support they require is now recognised as the ‘most cost-effective way to provide housing to people with complex needs’.³⁸⁶ It is now also recognised that this requires specialised skills, and a **universal training pack** for housing providers designed around co-production values has been developed to help build capacity and promote user-involvement.³⁸⁷

In a number of countries, **taxation arrangements** have facilitated and supported the establishment and growth of the cooperative housing sector. An early example is found in Italy, where in 1947 the ‘indivisible reserves’ concept was implemented, allowing cooperatives to transfer their surpluses to a reserve that is exempted from corporate taxation obligations.³⁸⁸ In Hungary, housing cooperatives that do not reach HUF 10 million annual sales turnover are exempt from paying corporate tax; with the general rules applying once this threshold has been reached.³⁸⁹

Sources of capital is an ongoing and complex issue in the cooperative sector generally. In relation to housing, the local context in countries is a major factor in how this key issue is approached. For example, in 1992 Italy introduced the requirement that all cooperatives invest a portion of annual profits (three per cent) in a national Solidarity Fund (COOPFOND – Fondo Promozione Co-operative). This has been a major source of capital for the cooperative movement and this, combined with the taxation initiative noted above, are largely attributed with its success.³⁹⁰ The **multi-faceted fund**, can be accessed to provide capital across different stages of the life cycle, to support start-up and consolidation, assist in times of crisis, and to target development in specific regions and / or to address specific social issues.³⁹¹

³⁸⁴ CECODHAS Housing Europe & ICA Housing (2012, p. 28).

³⁸⁵ Ganapati (2014, p. 107).

³⁸⁶ Pittini et al. (2015, pp. 100-101).

³⁸⁷ Pittini et al. (2015, p. 101). For more information, see: <http://www.housingeurope.eu/section-47/elosh>

³⁸⁸ CECODHAS Housing Europe & ICA Housing (2012, p. 47).

³⁸⁹ CECODHAS Housing Europe & ICA Housing (2012, p. 37).

³⁹⁰ CECODHAS Housing Europe & ICA Housing (2012, p. 47).

³⁹¹ For more information, see: www.coopfond.it

In India, as direct government support waned the NCHF (National Cooperative Housing Federation) mobilised finance to support the needs of a wide variety of end-user cooperatives through “a nationwide **two-tiered institutional structure** of state level secondary Apex cooperatives”³⁹² that search for funding through insurance companies and other public and private sources.³⁹³

A significant cost in any new cooperative housing development is the land on which it will be built, and access to capital for this purpose can be a substantial barrier to growth. In Pakistan, government grants cooperative entities **land at an affordable rate**. The cooperative entity develops an overall plan, dividing the land into plots, and develops the necessary supporting infrastructure (roads, water, commercial buildings, etc.). Individual members become tenant owners, building their houses themselves in accordance with the overall site plan and relevant regulations. An ongoing rental fee is paid to the cooperative entity, as required under the initial land transfer agreement.³⁹⁴

In Germany, 48 housing cooperatives own their savings institutions and members deposit their individual savings into mid and long-term investments – with rates being slightly higher than commercial equivalents, and interest being paid at the end of the contract period. These funds provide **working capital** for modernisation and maintenance, and reportedly this underpins a successful and financially sound model.³⁹⁵

A study undertaken in seven Latin American countries, and involving 22 housing cooperatives, also found examples of cooperative housing development that are successfully incorporating ‘self-help’ dimensions. In these cases, a **lower cost of construction** was made possible through the intensive involvement of members and this, when supported with professional supervision, delivered a high quality durable standard of architecture. Reportedly, the social aspects of self-management have also been successful in these developments.³⁹⁶

An interesting example of **activity diversification** can be found in Egypt, where CECODHAS/ICA reports that “the housing cooperative movement has established and manages 129 cooperative tourist resorts on the Mediterranean Sea Coast.” However, it is unclear if these have been established as an income-generator for the movement and/or individual cooperatives; to offer leisure opportunities for housing cooperative members; or for some other reason.³⁹⁷

Trends are also evident around **improving environmental performance and outcomes**. Resident satisfaction is a key factor in controlling the costs of turnover and vacancy for any housing company. The adoption of climate protection measures can increase satisfaction through minimising ongoing and rising housing-related costs (such as water, energy, waste, etc.). These are most often considered in relation to initial construction or retrofitting, and in relation to the availability of technological improvements. For example,

³⁹² Gunapti (2014, p. 105).

³⁹³ Bredenoord (2017, pp. 8-9).

³⁹⁴ CECODHAS Housing Europe & ICA Housing (2012, p. 56).

³⁹⁵ CECODHAS Housing Europe & ICA Housing (2012, pp. 34-35).

³⁹⁶ Bredenoord (2017, pp.8-9).

³⁹⁷ CECODHAS Housing Europe & ICA Housing (2012, p. 25). No other references to this development were identified.

in Italy all housing cooperatives have adopted the principles of sustainable development, with initiatives tackling issues such as energy efficiency, renewable energy availability, water wastage, and environmental impact generally.³⁹⁸

Wemheuer and Wendorf suggest that as a result of housing cooperatives' 'stronger participative intentions' they can go beyond hard-infrastructure measures to also implement **behaviour-based climate protection initiatives** and may secure competitive advantage in the housing sector more broadly as a result. However, their German-based research found that there was little evidence that opportunities to introduce comparatively low-cost, 'social climate protection measures' are being taken up by housing cooperatives or their peak bodies as yet.³⁹⁹

In developing nations, housing cooperatives have been recognised as important organisational partners in reducing poverty, and in working towards the (then) Millennium Development Goals, including as key actors in empowering community action amongst the most marginalised in those countries.⁴⁰⁰ In these contexts, collective organising tends to focus on accessing group credit sources and building self-help housing.⁴⁰¹ These experiences could perhaps inform consideration of cooperative housing strategies that involve Australian communities experiencing entrenched and **complex disadvantage**. However, realising outcomes related to participation and empowerment - amongst any type of membership group, but particularly those experiencing disadvantage - is dependent on the interest and capacity to engage, and support and resourcing are needed to foster this. In this regard, the co-production approaches being adopted in Europe could usefully inform strategies.

7.4 Future directions

The discussion and examples provided here are offered as an entry point into considering possibilities for growing and strengthening the cooperative housing sector in Australia. Whilst it is possible to catch glimpses of the potential across a wide range of policy domains, it is evident that there are substantial gaps in the empirical evidence available to support the case for cooperative housing models. Embedded within the broad, complex and context-specific housing systems of different countries and regions, these models also do not lend themselves to generalised analysis. As Birchall suggests:

Housing co-ops tend to vary in character from one country to another. To a much greater extent than other types of co-operative, they depend on government housing policies for their right to exist. They fit into national housing markets that have their own dominant forms of tenures, distinctive legal structures, and policies for ensuring affordability. For these reasons, it is difficult for promoters to take a design from one country and make it work in another.⁴⁰²

³⁹⁸ CECODHAS Housing Europe & ICA Housing (2012, pp. 47-48).

³⁹⁹ Wemheuer & Wendorf (2013).

⁴⁰⁰ Ganapati (2014).

⁴⁰¹ Ganapati (2014, p. 108).

⁴⁰² Birchall (2009, p. 31).

As discussed in **Section 5**, there have been few Australian-based academic studies. Any one of the strands sketched in this discussion warrants further research to explore potential relevance and application in the local context.

8 Conclusion

8.1 Blueprint for a Cooperative Decade

The International Co-operative Alliance (ICA) released its *Blueprint for a Co-operative Decade* in 2013, as part of the legacy of the 2012 International Year of Cooperatives. It has five elements: participation; sustainability; identity; legal frameworks; and capital. It is worth considering the elements of the *Blueprint* in the Australian context and in light of the above review, with a view to the growth and diversification of the sector. The *Blueprint's* summary document states:

For housing co-operatives the Blueprint elements have a special significance. Housing co-ops are one of the most heavily patronized forms of co-operative in the world – they are the daily context for the quality of life for the member-residents. Housing co-ops must allow for the open engagement of the members. They are real-estate assets that must be sustained as liveable housing, and sustainable environmentally. Housing co-ops embody social and community values internally and as corporate citizens. They identify themselves as co-operative housing providers through a commitment to the international values and principles of co-operation. Housing co-ops require robust legal frameworks and access to capital for their creation and continued operation as a unique form of housing provision.⁴⁰³

8.1.1 Participation

On the basis of extant evidence, Australia's cooperatives appear to already display high levels of member engagement although as **Section 4** highlights, previous research methods need refinement to control for variables that might be affecting this. The expansion of the sector will present at least two ways in which participation will become even more important.

First is with regards to drawing on the knowledge and experience of existing tenants to help shape the future of the sector. Second is the recruitment of new members and new market cohorts if the sector expands into limited-equity models of ownership. Unpublished research with younger would-be homebuyers suggests there is an untapped market open to shared equity housing models. This represents a market opportunity for the sector and its potential expansion into new and broader member cohorts.

8.1.2 Sustainability

The cooperative housing sector is already committed to quality housing and increasingly focusing on the expansion of its historical focus on social sustainability and inclusive housing options into the inclusion of environmental sustainability. Economic sustainability is an ongoing issue for the sector and highlights the role of asset title where this is not yet in place, as well as access to appropriate lending products such as are intended to be enabled through

⁴⁰³ International Co-operative Alliance (2013, pp. 1-2)

the National Housing Finance and Investment Corporation (NHFIC) and the development of an analogous market for tailored resident mortgage products.

A substantial body of research highlights that diversity is vital to sustainability. The cooperative sector already caters to and represents diverse households and housing options and is well placed to extend this into a greater array of perpetually affordable tenure choices.

8.1.3 Identity

Australia's cooperative housing sector proudly upholds the international cooperative principles and this differentiates the sector from other community housing providers. This is a key strength that the sector can both build on and play to in expanding into new tenure forms, as the values orient the sector towards re-circulating surpluses within the sector to drive its ongoing growth – that is, to provide more affordable housing and support the wellbeing of its member organisations and residents.

The diversity of cooperative models operating internationally is a strength in this regard. It presents a suite of operational variables and historical lessons that the Australian sector can draw on to identify appropriate options for the Australian context, while also standing on the history and legacy of the international sectors. As with the Australian cooperative sector more broadly, which is immense yet largely invisible,⁴⁰⁴ public awareness of the housing cooperatives is low so expansion, especially into new markets, will require awareness raising that could use the identity and history of cooperatives to build market familiarity and support.

8.1.4 Legal frameworks

Community housing providers in Australia are well regulated and the regulation of cooperatives is becoming more consistent across the States and Territories. This provides a sound basis for growth and diversification. The establishment of new equity-based options will require legal review to ensure the legal frameworks support this and allow the sector to perform the requisite balancing act between the rights and responsibilities of resident members with those of the sector at large and the broader community, including future resident members.

8.1.5 Capital

As with any housing provider or developer, all of the cooperative housing sectors reviewed have required access to capital to grow and thrive. This immediately raises the necessity of the sector holding title to its assets to enable borrowing.

In some instances, access to capital has involved the establishment of tailored or affiliated lending structures or subsidies. The recent establishment of the NHFIC may present an opportunity for the sector to not only access funds but also to lobby for the development of

⁴⁰⁴ Denniss & Baker (2012).

analogous consideration of how would-be buyers of limited-equity models might access appropriate loan financing.

8.2 A final word on the role of government

As highlighted by the national reviews and summarised in **Section 3**, cooperatives experience diverse relationships with government at all levels and have generally thrived when resourced while given the autonomy to operate at scale. It is apparent that the political orientation of the host state or municipality greatly impacts the scale, trajectory, and viability of cooperative housing sectors.

Consequently, they tend to thrive more in countries and municipalities where there is political understanding of the many values of collectivisation and an orientation towards the maintenance of a decommodified—or, at least, less commodified—form of housing as part of the overall housing system. In some instances, initial support has been sufficient to ensure an ongoing independent sector at scale, but it is evident that without appropriate mechanisms in place to retain affordability, complete sector autonomy can lead to the marketisation of housing.

While variable in its rigour, extant research suggests—and in a few instances demonstrates—a range of positive outcomes resulting from the presence of a diversity of cooperative housing forms globally. As highlighted in **Section 4**, some individuals find inherent value in the existence and nature of cooperatives, preferring these as a housing choice regardless of the presence or lack of evidence for positive outcomes. That basis and the need for greater affordable housing provision suggest there is merit in assessing the outcomes of cooperatives and their options for growth and diversification with a view to informing appropriate and supportive public policy.

The history of Australia's housing system shows the constant, but not consistent, role of policy shaping the housing system in response to social, economic, and political imperatives.⁴⁰⁵ Similarly, international research demonstrates the extent to which housing systems are the products of ongoing construction and influence by all levels of government. In that context, cooperatives can look to how the state can support them to address intensifying housing issues in Australia within the context of a global shift towards, and recognition of, robust interventions that hybridise and balance the capacities of public and private agencies.

⁴⁰⁵ Troy (2012).

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Appendix A: Resident perspectives on Danish senior co-housing

Pederson's substantial study of the social value of the Danish senior co-housing facilities included two comprehensive surveys (n=554 in 26 different co-housing facilities; 71 per cent response rate) and interviews conducted in 19 co-housing facilities. As all co-housing facilities seem to have only ethnic Danes as residents, no interviews were conducted with residents other than Danish. Interviews were also conducted with municipalities, developers, and social housing associations. Co-housing facilities from urban, suburban, and rural settings were represented in the study.

Most senior co-housing communities are built as clusters or single-story row houses, with an average of 20 dwellings, varying from ten to 40. Site plans usually involve individual houses lying along the borders of the plot, leaving an open common area in the middle for gardens and a common house. House sizes range between 60 and 110 square metres. Rental dwellings are significantly smaller than owned dwellings, but only 12 per cent of survey respondents felt their dwelling was too small. The common house was typically around 150 square metres, including a kitchen, combined dining and living room, laundry, workshop, and storage. Eighty-nine per cent of residents were satisfied with their common house and none of the senior co-housing facilities are gated communities.

At the time of the survey, people over 80 years of age comprised 23 per cent of residents, 47 per cent were between 70 and 79 years, and the remaining 30 per cent were under 70 years. When they moved in, residents were predominantly aged between 60 and 69 years (54 per cent), while 29 per cent were between 70 and 79 years. Before moving into the co-housing facility, 77 per cent of residents had lived in their own apartment or house, indicating that they are only to a limited extent financially vulnerable.

Interviewees indicated that there were two main factors that attracted them to move into a co-housing facility: down-sizing to smaller dwellings that require less maintenance; and, social cohesion and a nicer way to live, with a better social milieu that would improve their quality of life in old age. Importantly, these residents are not idealistic collectivists, motivated solely by social aspects of co-housing: the decision to move was based on the pragmatic advantages of low-maintenance dwelling and a desire for a better life as they age.

In the survey, 68 per cent of residents used the common house at least once or twice a week. On average the residents would use the common house to eat a meal prepared by themselves once every two months, of which 83 per cent said they attended every time. Other common activities were card playing, knitting, movie watching, and physical activities, with 88 per cent saying they found the number of activities in the common house satisfactory.

In half of the co-housing facilities the residents did most of the regular maintenance work, and the distribution of practical tasks caused little trouble. The community's decision-making process were deemed favourable by 81 per cent of residents, who were positive about the democratic and organisational practice in their community. Heavy duty work such as snow clearing was often done by contractors.

Around 92 per cent of residents stated that more than two of their neighbours were their friends and 88 per cent said they had made new friends among their neighbours. Integration of new residents was rated as a positive experience by 91 per cent of new residents, and 92 per cent of longer-term residents. There was also little difference on satisfaction rate between new and longer-term residents, indicating that the perceived value of the co-housing community does not decline or increase with time spent in the facility. There was an overwhelmingly high satisfaction rate of 95 per cent among residents in the co-housing facilities. While these are very high levels of satisfaction, it is not possible to know how these responses compare to those of elderly residents in non-co-housing dwellings.



Figure 4. Tanderparken senior co-housing, close to Aarhus

A typical senior co-housing facility with single story houses in rows around a common space and common house.

Source: Pederson (2015).

A recurring theme in the co-housing setting is how much help and support residents can expect from each other. The tendency in senior co-housing is that residents help each other extensively with practical matters, primarily transport; but not in tasks traditionally performed by public home care, such as giving baths or other tasks considered intimate or private. Some of the residents stated that they preferred being helped by the public home care services.

Several co-housing communities had also faced serious health issues such as resident developing Alzheimer's and depression, and had responded differently to these challenges. In some cases, these were handled almost exclusively by the families or authorities, while in other cases the co-housing community developed collective policies on how to deal with their neighbours' crises. In many communities, the residents had an agreement that they would intervene if they observed a deviation in behaviour of their neighbour, such as not taking in mail. This provided a very strong sense of security as stated by 77 per cent of the residents. Only one per cent of respondents stated that they were often or sometimes annoyed when a neighbour asked for help.

In the early days of co-housing, the norm was that members would take turns in sitting on the Board of between three to seven members, but 73 per cent reported that they had difficulties in recruiting new members to the Board. Board members of private cooperatives were more heavily involved in substantial issues of maintenance, rebuilding, and financial management. The democratic governance model was felt to be too restrictive by many, as it could protract even small decisions. The study concluded that most resident groups are well

organised and capable of dealing with challenges of self-governance, albeit with some difficulties in recruiting new members to the resident Boards.⁴⁰⁶

⁴⁰⁶ Pederson (2015).