

# Summary

## European comparative study on housing cooperatives

In the Netherlands, the national Housing Act was revised in 2015 and became effective per 1 July of that year. It gave tenants of social housing corporations the possibility to found a housing cooperative. The revised Housing Act has therefore laid the legal basis for housing cooperatives in the Netherlands and marks the political attention that this form of housing has received recently. The evaluation of the revised Housing Act, that was published in 2019, however shows that “*in the timespan since the introduction of the Act, only very limited experience has been gained through the establishment of housing cooperatives*”. Housing corporations that were interviewed as part of the evaluation indicate, that the possibility of establishing a housing cooperative provides only a limited contribution to the tenants’ power and control over their housing situation. Another conclusion was that establishing a housing cooperative was complex and also hardly feasible in the Dutch context. Furthermore, the Evaluation of the Action programme housing cooperatives concluded that besides financial barriers, also several organisational and institutional barriers are experienced in the process of establishing a housing cooperative.

Due to these evaluations, parliamentary questions have emerged about the experiences of housing cooperatives in the Netherlands, the perceived bottlenecks, potential solutions as well as evidence from other European countries. In turn, the Dutch Minister of the Interior and Kingdom Relations announced an international comparative study on the position of housing cooperatives in Austria, Denmark, Germany, Sweden and Switzerland. The exact research assignment was as follows:

Provide an overview of the position of housing cooperatives in Austria, Denmark, Germany, Sweden and Switzerland and reflect on this position within the perspective of the housing market of the respective countries; the rental housing market in particular. Indicate, based on the experiences abroad and the Dutch context, whether housing cooperatives can contribute significantly to the Dutch housing market. Provide an analysis of the found policy instruments within the Dutch context.

The research was performed in the period ranging between December 2020 and May 2021. Information on each country was gathered with the help of local housing market experts. In dialogue with these experts, also two relevant case studies on inspiring housing cooperatives have been selected per country. Those case studies have been selected that could provide useful insights, applicable to the Dutch context.

## International comparison

The next figure provides a number of important characteristics related to the system of housing cooperatives in the Netherlands as well as the benchmark countries (Austria, Denmark, Germany, Sweden and Switzerland). The overview and the more detailed descriptions in the main report show that there are clear differences between the systems and functioning of housing cooperatives in the investigated countries. Housing cooperatives have followed a different development path in each country, depending on (amongst others) the challenges faced on the national housing markets, and availability of alternative forms of housing. Housing cooperative systems found abroad are therefore difficult to transfer directly to the Dutch context. Still, there are valuable lessons that can be learned from the benchmark countries and several policy instruments have been identified through which housing cooperatives could be stimulated and facilitated in the Netherlands – increasing the added value.

The main conclusions on the added value of housing cooperatives for the Netherlands as well as available and applicable policy instruments are presented in the following sections. Lastly, a couple of relevant aspects from the international comparison are explained, since these provide the basis for the mentioned conclusions.

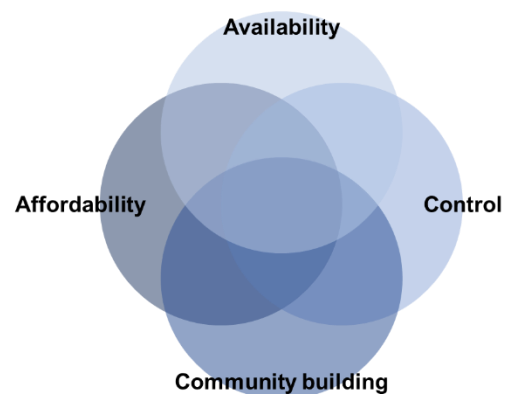
**Figure 1 Overview of national housing cooperative systems**

	Netherlands	Denmark	Germany	Austria	Sweden	Switzerland
a) Number of dwellings, owned by cooperatives	Ca 1.000 - 2.000	Ca. 208.000	Ca. 2.100.000	Ca. 438.000	Ca. 1.200.000	Ca. 193.000
b) Share of cooperative dwellings in national housing stock	< 1%	8%	5%	11%	24%	4%
c) Share of cooperative dwellings in national rental housing stock	< 1%	N.v.t	9%	26%	N.v.t	8%
d) Most important motive, from historical perspective	Control / communality	Availability of sufficient housing	Control / communality	Control / communality	Availability of sufficient housing	Control / communality
e) Income groups	Low High	Low High	Low High	Low High	Low High	Low High
f) Dominant legal structure	Non-profit association ; functioning as lessor	Association with limited profit; comparable to the Dutch 'Vve' (association of owners)	Association with limited profit; functioning as lessor	Association with limited profit; functioning as lessor	Association with limited profit; comparable to the Dutch 'Vve' (association of owners)	Association with limited profit; functioning as lessor
g) Financing (ratio own / foreign capital, calculated from case studies)	0-2,5% own cap.	> 50% own cap.	20 – 33% own cap.	5 – 19% own cap.	> 50% own cap.	4 – 20% own cap.
h) Degree of government support	Low High	Low High	Low High	Low High	Low High	Low High

## Added value of housing cooperatives for the Netherlands

The added value of housing cooperatives for the Netherlands has been assessed in the context of four national policy needs: affordability of housing, availability of housing, control (over the own housing situation) and community building.

Historically, one of the main aims of housing cooperatives is to provide a solution to the lack of housing opportunities that various target groups were facing. This can relate to different challenges, including the price level, desired type of real estate or the mode of community building and sociability. Looking specifically at the availability of affordable housing, the added value of housing cooperatives currently remains limited – due to the relatively small amount of housing cooperatives in the Netherlands. In the Netherlands, social housing corporations largely contribute to the supply of affordable housing for the low incomes – and increasingly also for the middle income groups. The stock of dwellings owned by social housing corporations amounts to roughly 2,3 million in the Netherlands. Because of this, it is not to be expected that housing cooperatives will largely contribute to the availability of affordable housing in the Netherlands – the country already has a system (i.e. social housing corporations) that can meet the needs on a bigger scale.



The added value of housing cooperatives in the Dutch context can therefore be found mainly in the creation of communal housing as an answer to very specific local demands from groups of people. Demands (relating to amongst others the price level, sociability, sustainability and accessibility) that are not met sufficiently due to the scarcity of this type of housing, in which the members of the cooperative have full control over the real estate and living situation. In the investigated countries it can be observed that mainly the smaller cooperatives meet in this need. In the larger cooperatives the level of control and community building tends to be lower. For example, control tends to be limited to the general meeting of members or dependent on initiatives organised by the members themselves. The larger housing cooperatives abroad are comparable to the Dutch housing corporations – and specifically, those that used to be an association – more than the smaller scale housing cooperatives that really do have an added value in the field of control and community building.

The added value of housing cooperatives for the Dutch housing market appears to relate mostly to meeting the specific housing demands of target groups that are not effectively met in the existing housing market, and that are willing to take the responsibility within a cooperative structure. Here, mostly small scale initiatives are meant. If such smaller scale housing cooperatives would develop into larger scale cooperatives, that would result in the social housing corporation in the form of an association – which used to be common in the Netherlands. Besides, an autonomous development is that the Dutch social housing corporations are already moving towards more control and autonomy for their tenants since the revised Housing Act has entered into force. Tenants tend to have more say in new construction projects, renovation projects and in the management of the property.

### **Available and applicable policy instruments**

It has become clear in the research that various policy instruments are used in the investigated countries to facilitate and stimulate housing cooperatives. These instruments have been grouped in several categories: knowledge, legal, financial and fiscal. Most instruments can be found in the category 'financial'.

The research findings show that the majority of the policy instruments that are used in the various European countries are also used (to a small extent) in the Netherlands, or are in development. Examples include designation of land plots in favour of housing cooperatives, as well as selling (or leasing) land plots and real estate for prices below market level. This was found to be essential in several investigated European countries.

The most important policy instruments for the Dutch context are also financial. For example, access to financing appears to be something that requires improvement, both for housing cooperatives as a whole and individual members that are expected to bring own equity. Funds can play an effective role here, as well as banks that are familiar with the concept of housing cooperatives. On the fiscal side, there is the possibility of offering tax exemptions, such as the income tax privilege and national corporate tax exemption. This is not yet applied in the Netherlands.

The financing of housing cooperatives can also be improved by a larger own capital contribution of the cooperative's members. This could mean that the target group of housing cooperatives is extended to the middle income group or even higher income group. Middle incomes in the Netherlands are currently also facing limited availability of housing opportunities. In some countries, (a part of) the own contribution is returned in case of moving. This results in capital preservation or even accumulation, depending on national regulations.

The legal underpinning of housing cooperatives in specific or general legislation turns out to be paramount in the investigated countries. The legal base for housing cooperatives that are the result of new construction or acquisition of non-social housing real estate could be further strengthened. The current Housing Act is mainly aimed at housing cooperatives that acquire real estate from social housing corporations. However, there appears to be more demand for new-built housing stock among aspiring housing cooperatives in the Netherlands. Aspiring housing cooperatives that are aiming for new construction are facing a limited legal status and as such, a limited credibility towards investors.

## **Thematic elaboration**

### **History of housing cooperatives**

Cooperative housing first emerged in the Netherlands with so-called cooperative housing associations. During the twentieth century, this form of housing gradually developed into the current social housing corporations: semi-public entities tasked with the provision of subsidised housing for the low incomes. As a result, the original housing cooperatives have disappeared almost entirely. The revised Housing Act (2015) again offers the legal basis for founding a housing cooperative.

Housing cooperatives also have a long history in the investigated European countries, often going back to the nineteenth century. The cooperative as communal self-organisation was – like in the Netherlands – mainly an answer to a lack of affordable housing and/or insufficient quality of the existing stock of dwellings for the working class and middle class. The communality would lead to lower costs, higher quality, more ownership and participation.

The development path of housing cooperatives differs in each of the investigated countries. In Austria, Germany and Switzerland, this has led to (often) large scale organisations whose appearance is somewhat comparable to the social housing corporations in the Netherlands. The Danish and Swedish situation is different, because the market mechanism has started to play a larger role after deregulation – the condominium, an intermediate segment between owner-occupied and rental housing, has emerged. In this form of housing, the own financial contribution of the members is relatively high compared to the other investigated countries; the target group increasingly consists of relatively higher income groups.

### **Position of cooperatives in the housing market**

The (quantitative) contribution of cooperatives to the Dutch housing market is currently limited. An important explanation for this is the fact that most of the original housing associations developed into the contemporary social housing corporations. The market share of cooperatives in the other investigated countries is significantly greater, compared to the Netherlands (see figure 1). It however remains challenging to make a fair comparison due to the varying definitions of social housing in the investigated countries, as well as the different appearances of cooperatives and the alternative housing forms that are present in each of the countries. For example, the functioning of the Dutch social housing corporation, that used to be an association, is roughly comparable to that of the larger housing cooperatives in other countries.

### **Target group(s) of housing cooperatives**

Cooperative housing can be regarded as possible solution for those target groups that face insufficient housing supply in the current market situation, as well as problems with affordability. Most cooperative housing stock is therefore meant for the lower and middle income class, with the general idea that these dwellings remain available for these groups, i.e. households with a low and middle income. Besides, there are housing cooperatives emerging that are founded by like-minded people, who are looking for sociability or a communal lifestyle centred around sustainability. In case

a home becomes available within the cooperative, the cooperative can independently assign the home to the desired candidate based on co-opting or balloting. There are however additional requirements regarding the target group when the cooperative takes over real estate from a social housing corporation. These requirements are described in the revised Housing Act (2015).

Cooperative housing is mainly a form of housing for target groups that cannot find a satisfying solution in other segments of the housing market. In the light of availability and affordability of housing, the lower income class and middle income class are an important target group for housing cooperatives, but other target groups (such as higher income class or specific groups including older people) are sometimes also served depending on the country-specific context.

### **Organisation of housing cooperatives**

Housing cooperatives are organised as an association in the Netherlands. The revised Housing Act (2015) defines a housing cooperative as 'an association with full legal capacity with the aim of enabling its members to independently manage and maintain the inhabited residential real estate and direct surroundings'. The revised Housing Act imposes that a housing cooperative which takes over real estate from a social housing corporation should be an association. The association should have an organisational structure in which members have control through the general meeting of members and can opt for the board of directors. If necessary or if desired, the cooperative can also install a supervisory board as supervisor. Besides this "Housing Act version" of the cooperative, there are also initiatives in the Netherlands outside the scope of the mentioned policy rule in the Housing Act that increasingly build new housing stock. This form of cooperative housing is less regulated and rooted in the Dutch legislation. Organisational structures are therefore less imposed for these cooperatives – which means that other legal forms can be chosen, such as the foundation or even a private limited liability company.

Housing cooperatives in the other investigated countries are usually organised likewise, as an association with members and a board of directors. When entering the cooperative, members have to pay a contribution fee in many of the investigated countries. The board of directors is also usually elected by the general meeting of members, in which each member can participate. Besides the management, there can be various commissions of groups for specific topics. Within various housing cooperatives, such as in Germany, the organisational structure has been extended with amongst others a supervisory board, especially in large 'Genossenschaften'.

One of the important topics for an existing housing cooperative is the allocation of homes within the cooperative. The level of control is however limited sometimes and usually dependent on legislations and regulations, comparable to the situation in the Netherlands with social housing corporations. For example, the housing cooperatives in Austria grew considerably throughout the years and became more institutionalised – which has led to a declining level of participation by the members, and less influence on the allocation of the homes.

### **Legal framework for housing cooperatives**

Dutch housing cooperatives have to comply with the conditions as formulated in the revised Housing Act if the cooperative takes over real estate from a social housing corporation. In such case it is imposed, for example, that at least 50 percent of the cooperative's members are eligible for social housing (based on income). Other forms of housing cooperatives – such as those involved in new build construction – are not within the scope of the Housing Act and therefore less rooted in legislation. These cooperatives can benefit from the Dutch corporate law.

Housing cooperatives in the other investigated countries are rooted comparably in the national legislation and regulations, but different emphasis is visible in each country. In Denmark, Germany

and Sweden there is for example a dedicated law for housing cooperatives, in which has been specified that the members have to buy themselves in, and that maintenance costs of the property have to be covered by the cooperative. The legal framework for housing cooperatives in Austria and Switzerland is included in broader legislation. Specific, detailed target groups have been predefined in none of the investigated countries.

### **Financing of housing cooperatives**

Dutch housing cooperatives are financed by their members. They pay a monthly rent – just as in regular rental housing – and a membership fee. This fee is not part of the rent and rental agreement. The cooperative can independently determine the level of the membership fee to cover the running costs, such as expenses of the general meeting of members and communal activities. External financing for the purchase of the real estate is provided by regular banks. This is regarded as a challenge in practice, because regular banks are familiar with the cooperative concept only to a very limited extent in the Netherlands. Another challenge is that Dutch banks treat the loan as a business loan, thereby altering the rules and conditions – for example a higher interest rate.

In the other investigated countries, a financial contribution is made by the members in various ways. The contributions vary in composition, but usually consist of buying shares or a condominium right, and the payment of a periodic rent or fee. The one-off contribution that is frequently observed in the investigated countries is usually considerably higher than in the Netherlands – increasing the funding opportunities for the cooperatives abroad. The contribution is sometimes refunded in case of leaving the cooperatives, ensuring capital preservation for the member. Austria is a special case regarding financing by banks, because it is the only country that has a dedicated bank specialised in financing housing cooperatives. Besides this, central, regional and local governments provide financial support in the investigated countries, through the availability of building plots, grant schemes, tax advantages and/or funds.