

The Governance of Co-operative Housing: Current Challenges and Future Perspectives

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This special issue of IJCM is devoted to current research on co-operative housing. There is a renewed political and academic interest in co-operative organisations as alternative providers of affordable housing in recent years. Although the concept is widespread across the globe and has a long tradition, co-operative housing practice is little-known and is just being rediscovered as an innovative alternative to property rental as a means of coping with the increase in demand for affordable housing following the housing crisis in many countries (e.g. Bliss et al. 2013). The role housing co-operatives currently play in national housing markets differs considerably as the following indicative numbers demonstrate: In Estonia, housing co-operatives manage 60% of the country's housing stock, while in Poland housing co-operatives own 20%, and in Sweden and Norway about 15% of the total housing stock. In contrast, co-operative housing accounts for less than 1% of all homes in the UK, Canada and the United States (Moreau and Pittini 2012).

Recent changes in the policy environment for social housing, such as increasing deregulation and liberalisation, have created new opportunities for housing co-operatives but have also redefined their societal role and organisational identity as member-oriented housing providers. This calls for a reconceptualisation of the nature of governance in co-operative housing, similar to the work that has recently been done in governance research on social housing (Mullins et al. 2012) as well as in the research field of non-profit and civil society governance (Steen-Johnson et al. 2011).

Co-operative housing initiatives often fill the gap left by the withdrawal of the state, not only in affordable housing provision but also in urban development, which increasingly involves them in processes of external, societal governance (Flint and Kearns 2006). The current political

interest in co-operative housing has been sparked by the nature of its organisational governance model, which is said to have positive implications for sustainable urban development (Beetz 2008). Positive external effects of co-operative governance practice are mainly seen in the stabilisation and even increasing attractiveness of neighbourhoods through long-term investments in social relationships among residents, or in the physical quality of their housing stocks. As the residents make a financial and organizational commitment to their housing provider, they have a vested interest in keeping rents down and housing quality up, which in turn generates spill-over effects on the housing stock across the rest of the city. Moreover, housing co-operatives engage residents in social entrepreneurship, civic engagement and democratic practices which form key aspects of sustainability in urban development.

Transformations in the policy context of housing, however, also cause changes to the organizational level of co-operative governance. Cutbacks in public subsidies and the involvement in partnership agreements in and between different governance spaces (neighbourhoods, cities and regions) has led to stronger demands for accountability and control of co-operative boards, not only to state bodies and for-profit organisations but also to other third sector providers. Due to the changing competitive environment in housing markets, corporate governance models, with a stronger service orientation in member relations, have become more popular in social housing (Czischke 2009). Nevertheless, marketization and hybridization trends are contrasted by the emergence of new community-led housing initiatives (such as the co-housing or community land trust movement) which have sprung up from different social movements, not always directly linked to the co-operative housing tradition but clearly exhibiting

co-operative principles in their governance (Somerville 2007; Moore and McKee 2012).

The developments described above suggest that the analysis of co-operative housing governance cannot be reduced to the organizational sphere alone but has to be enriched by an external, institutional perspective. We hope that this special issue contributes to moving forward the agenda of conceptualizing co-operative governance with both the organizational and the societal governance aspect in mind. Furthermore, the composition of papers in this issue presents a good illustration of the interdisciplinary nature of research on co-operative housing governance, with scholars from different academic backgrounds engaging in the debate. Furthermore, this special issue covers empirical evidence from different geographical contexts – North America (1 paper), Africa (1 paper) and Europe (4 papers) – making the identification of differences and similarities in current cooperative housing practice possible, even on an inter-continental basis.

The Contributions of this Special Issue

This special edition of the journal includes five, double blind peer-reviewed papers and one research report dealing with the topic of housing co-operatives.

In his refereed paper, *Priemus* explores the overarching theme of a changing external governance environment for social housing and what it means for organizational governance by drawing on current developments and debates in The Netherlands. Traditionally characterized by a unitary rental system, with a large share of the social rented sector (currently 31%), the country has recently adopted a more market driven approach to housing which challenges the current governance practices of social housing providers, with housing associations being the most prominent type. The author suggests that the introduction of co-operative governance elements in housing associations, particularly democratic member control, as well as autonomy and independence, could improve the position of tenants with modest incomes in an increasingly

market oriented housing system. This leads to the question if such an approach could point the way forward for other European countries with housing markets similar in structure to the Dutch one.

Mändle takes his starting point from economic theory and introduces the concept of “externalities” to contextualize the governance of housing co-operatives within their immediate institutional environment. He comes to the conclusion that neo-classical approaches to housing co-operatives’ externalities fall short of fully grasping the concern for community which is a distinctive feature of co-operative governance. Thus, the author suggests that game theory could provide further insights. He shows that housing co-operatives build a reputation as pioneering investors based on the assumption that other protagonists actually know about their characteristics. This insight leads him to recommend the improvement of publicly spread information on housing co-operatives.

In their contribution, *Minora, Mullins and Jones* map a spectrum of community-based housing initiatives in England and Italy. In contrast to the traditional co-operative governance model, these initiatives can be more broadly described as ‘self-organising communities’, a relatively new phenomenon in housing. The authors begin their research by questioning the now widespread assumption that self-organisation is an effective and particularly sustainable approach to housing. They subsequently provide us with the conceptual model of “habitability” – related to Ostrom’s theory of the commons – for analyzing the interplay of internal and external governance elements in six paired qualitative case studies of self-organisation. The analysis shows the co-productive nature of habitability displayed across all studied cases, which is the result of the interaction between the ‘self-organising communities’ and external actors who each bring in their own interests. The comparison of Italian and English cases highlights the types of institutional options and support available for ‘self-organising communities’ in these contexts. Thus, it appeared that English ‘communities’ had more opportunity to choose between various legal

forms while Italian ‘communities’ had just one option, the form of a co-operative. In England, recent policies also provide stimulus funding (albeit relatively small scale) while in Italy there is little state support for innovations in community-led housing which leaves the ‘communities’ to take all the risk. Furthermore, in both countries, it remained difficult for people on low incomes to realize a self-organized housing scheme.

Lewis, Clamp, and Jacobs assess the feasibility of converting existing multi-family rural housing in the United States to resident participatory models, using the resources available through federal government programs. Even with the changing nature of rural communities in the United States, there remains a need for affordable, quality, multi-family housing. People who are elderly and/or disabled but also working families are in need of housing options other than homeownership. Current housing policies have led to tenants becoming more dependent on owners to maintain the status quo and therefore remain at-risk of displacement. The idea of converting a number of existing rural, subsidized, rental developments to a resident inclusive model of management has become increasingly relevant to the political discussion. The authors compare the benefits and challenges of Limited Equity Co-operatives (LECs) as well as Mutual Housing Associations (MHAs) to the existing, traditional, tenant association scheme as potential models for a conversion strategy.

The research suggests that both LECs and MHAs are viable and financially sustainable models. By involving residents in the ongoing management of their properties, they can ensure the long-term availability of affordable, multi-family housing for successive generations. The authors also recommend the establishment of national and regional networks to support the creation of resident-controlled, permanently affordable housing.

Adeboyejo and Oderinde provide a quantitative empirical study on the potential and actual contributions of co-operative housing societies to sustainable housing delivery in Nigeria. The

cooperative movement has been recognized by governments at both the Federal and State level in Nigeria as a possible tool for solving the problem of housing shortage amongst the working population. The paper compares empirical data from co-operative housing societies in three urban centres which have a tradition of co-operative and associational lifestyles and where housing problems are particularly acute. Multiple regression analysis shows that capital base and membership size of co-operatives can only partly explain the number of loan beneficiaries. The authors suggest that extraneous factors such as household income and the possibility of prompt repayment of loans have to be taken into consideration too. The authors conclude that the potential of co-operative housing provision cannot fully be tapped as long as co-operatives are not able to attract more members and they do not have access to mortgage funds from the Federal Government.

The above refereed papers are complemented by a research report by *Wemheuer and Wendorf*. They present results of a research project in Germany which investigated the potential of housing co-operatives for promoting climate-protective action. The authors discuss whether and how participative methods can motivate residents to change their habits and become more engaged in climate protective behaviour. Empirical evidence suggests that low-threshold participative methods are particularly useful in the governance of improvement and alteration of properties.

Conclusions and implications for further research in the field

Although this special issue is based on a limited number of contributions, we believe it provides a good starting point for further research on co-operative governance. All papers in this special issue, mostly but not exclusively of empirical nature, conveniently include both internal and external aspects of governance in their analyses.

From our perspective, the key contributions of

these articles to the research field of co-operative housing are the following:

Firstly, this special issue contributes to a more all-encompassing conceptualization of co-operative governance, going beyond the organizational to the external, institutional environment. The article by *Mändle* as well as that by *Minora, Mullins* and *Jones*, approach this issue from different disciplinary angles and future co-operative governance research can surely build on the conceptual frameworks which they have suggested here. We believe that revisiting the work of Ostrom is especially beneficial for studying co-operative governance in housing, as her approach to the governance of institutions refers to a community rather than just to an organisational level. This view point comes closer to the current reality of co-operative forms of housing provision – as presented in this special issue – and seems particularly appealing in relation to the study of new community-led forms of housing provision.

Secondly, the contributions in this special show the significance of co-operative housing to current housing policy programs in different geographical contexts as diverse as the United States (*Lewis, Clamp, and Jacobs*), Nigeria (*Adeboyejo and Oderinde*), and The Netherlands (*Priemus*). However, when taken together, these articles also suggest that the introduction of co-operative elements into established housing systems presents a unique set of challenges. In this respect, it seems that new, emerging co-operative and community-led housing fields are facing the same challenges experienced by the early co-operative housing movement. Housing co-operatives have not been able to grow and expand significantly through self-help mechanisms alone, given their inherent scarcity of economic capital, compared with other co-operative sectors (Novy 1983). Rather they required some form of external support, such as that of public housing programs, which at the same time threaten organizational autonomy and participatory governance, and as such the whole co-operative nature of these housing providers. However, cases such as that of Vienna show, that there are

examples where public promotion programmes are explicitly linked to sustainability goals (Förster 2002), and that the contribution of housing co-operatives can be leveraged towards urban development (Lang and Novy 2013). The importance of the facilitation of co-operative housing practice by external bodies brings us back to the fundamental argument that in research on co-operative governance, the organizational should not be separated from the societal dimension.

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Notes

- 1 However, the actual models of co-operative housing vary between countries, for instance in terms of tenures, and this makes international comparisons a difficult task (Bliss et al. 2013).

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