

CO- OPERATIVE HOUSING

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## I N T R O D U C T I O N

It is a well known fact that building ~~administration and ownership~~ of houses on a co-operative basis is more common in Europe than in other parts of the world. The percentage however of co-operative housing in its different forms as compared with other types of housing varies considerably within the European states. Co-operative housing is one solution to the housing problem which, although historically not very old, has come to stay. Historical and sociological as well as economic and political factors have played a role in its development, and it is of some importance to study them for their contribution to the present direction of co-operative housing - which provides one of the most highly satisfactory solutions to the worldwide problem of providing suitable housing for increasing populations.

With the advent of the Industrial Revolution, which occurred at different times in different parts of Europe, millions of people had to be provided with housing in new neighbourhoods around the industries and in the growing towns and cities. This caused abnormal social problems which existing resources could not meet. Society made no attempts at first to cope with this problem, nor could individuals on the whole foresee that common effort would be imperative. Some employers built houses for their own hands but not on a sufficient total scale.

Earlier human tendencies however asserted themselves gradually through the baulk of economic doctrine. Co-operation found expression alongside individualism in the course of time. The first steps to solve common housing problems on a co-operative basis in modern industrial and economic conditions were taken at the end of the eighteenth century by the British building societies, at first on a very modest scale.

The British societies introduced a scheme based on the simple principle that their members save, and that with the funds thus made available they should finance their own housebuilding. Their actual building activities however ceased after some decades, the societies themselves gradually becoming credit institutes. Co-operative ideas based on Rochdale principles came to be applied also to housing. The aggravation of social conditions in countries undergoing the Industrial Revolution gave ~~rise to~~

progressive ideas, politically as well as socially. Politically, it meant more attention was given to housing as a problem: socially, philanthropic associations were founded to remedy the most pitiable of housing conditions. While for instance in Britain during the middle of the last century interest was focused upon a government report recommending legislation to provide proper housing, with responsibilities for its provision devolved upon local authorities, developments on the continent took the direction of a more "upward" co-operative approach.

Housing co-operation proper is thus traceable to over a century ago, mainly in Prussia and Denmark, where the last decades of the nineteenth century saw a fairly rapid increase in the founding of co-operative housing societies. These were however generally founded for the execution of specific housing projects. These once completed, their tasks were over: they had no plans such as would have required among other things finance and broader organisation for continuing in production. Many of them, financially weak, went bankrupt and were converted into other forms of enterprise such as limited liability companies. Many, quite simply, wound up. As such difficulties arose housing societies of types other than co-operative became more common. In the light of experience of this kind, gained in time, ideas also were advanced aiming at an organisation of housing co-operatives on a larger, mutually co-operative scale.

Thus by the turn of the century housing co-operatives had been introduced into practically all Western and Central European countries. Still however they were responsible for only a very small proportion of the total of new housing, although by now as forerunners of improved housing standards they already occupied an important position as a challenge to private speculation dominating the housing market.

That the period between 1900 and the first World War did not mark such very great progress was due generally to the fact that sufficient material means for private development were difficult to find. There was never sufficient organisational structure to promote developments. At certain times also during this period housebuilding appeared to satisfy immediate needs reasonably well.

Co-operatives founded up to the outbreak of the First World War concerned themselves mainly with the housing of middle-income groups, representing craftsmen, lower-grade employees in civil and public service and skilled labour. However as time went on the basis of recruitment was broadened to include lower-income groups. The period between about 1900 and 1914 saw also the recognition of co-operatives as a proper form of enterprise in the housing market, and failures within the co-operative housing movement occurred more and more seldom. The First World War brought house-building practically to a standstill in all European countries. At the same time it increased migration into urban areas from the countryside. These factors, combined with the devastation caused by the war, made the housing shortage at the end of the war one of the biggest social problems facing the governments of both victorious and conquered nations. Moreover, during the war, all governments had promised that social conditions would be considerably improved. During the years after the war the housing shortage, reflected into the bargain with steep increases in rents, became oppressive. Everywhere labour organisations demanded the freezing of rents and rent control was introduced in almost all ex-belligerent countries. The housing situation had deteriorated to such an extent that decisive action became imperative to improve conditions. It was at this time that the co-operatives proved themselves really able to offer a solution to this most grievous problem. Co-operatives now gained increasing moral support from socially advanced quarters - as well as their needed financial assistance through improved credit facilities. The co-operatives found at the same time new forms of organisation, such as would enable them to engage in continued activity. Closer collaboration between national and municipal governments in several countries was also established. The twenties saw consequently a rapid development of both co-operative housing and of municipal housing societies also based on the non-profit principle. To the latter however was allotted the task of providing housing for the lowest-income groups.

The effect of the co-operatives on housing standards in general was decisive. As free enterprises they succeeded in acting as pioneers. They introduced new conceptions of town planning, improved interior standards in houses and installed collective facilities into their houses such as laundries and modern labour saving devices. Further, they undertook projects where full use was made of new housing ideas in urban areas. Diffi-

culties however during the economic crisis of the 'thirties had repercussions on co-operative housing in Europe as well as in the United States, which the movement had by now already reached.

The crisis led to a general slowdown in housing construction and the co-operative housing movement found difficulties in getting new membership to supply its financing. Several countries yielded to dictatorships which clamped down on the development of free co-operative activities. In some countries co-operatives were completely suppressed and their properties were confiscated. In others however co-operative housing itself in collaboration with labour market authorities appeared as a suitable means of buffering unemployment: Denmark in particular provided a good example of how co-operative house-building could be applied to the mitigation of unemployment.

The decades between the wars, despite prevailing difficulties, provided many co-operatives with a period for the building up of their own organisations. This was a period also notably of the general acceptance of co-operative innovations. The co-operatives in fact returned to their original tasks as pioneers of new ideas and trends, with the advantage of added experience useful to more modern times.

The Second World War brought unprecedented destruction, leaving millions homeless. Governments and municipal authorities were forced to introduce far-reaching housing programmes. Building during the war itself had been practically at a standstill and now the accessory industries were quite unable to provide sufficient materials. Even raw materials were in short supply, and extensive rationing systems had to be applied for many years after the war. Where the co-operatives were left untouched, they were given a considerable part in national building programmes partly because of their experience. They were accepted as useful and capable institutions for undertaking the projecting, the programming and the execution of housing schemes. The extraordinary conditions pertaining in practically all countries made it necessary for governments and local authorities to make use also of other already existing non-profit making organisations of different kinds. Many such organisations proved themselves quite adequate to their task, and this led to close collaboration between co-operatives and other non-profit housing undertakings. Development since the

war includes a very marked increase in co-operative housing, especially in the European countries. This applies to the number of housing units built as well as to their share in total production in the respective countries.

The resulting present increase in co-operative housing is certainly to some extent due to improved financing methods, in the sense that now practically anybody can, through the co-operative system, take a part in the financing of ventures appropriate to his own needs. There is no doubt that the co-operatives have proved themselves efficient providers of housing. They now enjoy a recognition, which they certainly deserve, from practically all quarters. This fact is confirmed by the interest they now arouse in countries contemplating measures to solve severe housing shortages.

Co-operative housing is now common in Western Europe and has also gained a footing in the United States and in a number of other countries, but it is more developed in Europe than in any other part of the world. It has in fact its birth in Europe where social and economic conditions have been in many ways favourable to its development but there should be nothing to prevent the co-operative form of enterprise in housing being adopted in any country. On the contrary, co-operative housing societies ought to be a means of obtaining good results wherever housing conditions can be considered poor. In countries where conditions are such and where existing forms of enterprise have proved themselves inadequate, government, local and other authorities ought certainly to make it possible for housing co-operatives to tackle the problem. Many forms of co-operative suggest themselves. The self-aid society, where part of the capital can be raised in the form of participation in the building work itself by the members, may be one. Savings funds and producers and manufacturing co-operatives suggest another. Nor should frontiers prove any barrier. There could also be more co-operation between various forms of co-operative on the international scale.

The experience of the co-operative housing movement historically is at the disposal of co-operatives in all countries where the movement has not yet properly established itself. It is in the nature of the co-operative movement that it seeks to spread and to offer its support wheresoever attempts are being made to tackle housing problems on natural non-profit-lines, in any part of the world.

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C O - O P E R A T I V E   H O U S I N G   I N   A U S T R I A

The activities within "The Österreichischer Verband gemeinnütziger Bau- und Siedlungsvereinigungen".

Co-operative housing dates far back in Austria and already the enactment of the Law of Co-operative Societies of 1873 made co-operative housing possible in principle. Measures to remedy the housing situation for families with limited incomes were taken at quite an early stage. Thus, at the end of the last century tax reductions were granted for low-cost housing built for workers by building societies. In 1908 a special fund for social welfare housing was first established which granted interest-free loans and pegged the amortisation to 3½% a year. Two years later the support of building small dwelling units was broadened to comprise loans up to 90% of the cost of building. The same year a necessary complement to the Law on Co-operative Societies was enacted and this enactment was continuously revised until 1925.

This enactment includes provisions that the co-operatives in housing should be of a "Public Utility" character. It was thus required that the statutes of the housing co-operatives should include a limitation of the dividends payable to the members at maximum 5% on the shares and that in the case of liquidation or dissolution of the co-operative members would only be entitled to claim the equivalent paid in shares any possible surplus being devoted to public utility purposes connected with housing. These housing co-operatives, aimed to provide healthy houses at reasonable cost for the broader masses of the population unable to pay high rents, became an instrument to remedy the increasing housing shortage in the towns and built-up areas. The activities of the co-operatives thus became of interest to the Government and local authorities who soon realised that they had to support and promote such important efforts. In this way a series of important provisions regulating the activities within the field of non-profit making housing were brought about. It soon became usual to define those building co-operatives which were established to provide housing for the broad masses of the population at reasonable rents as co-operatives and housing societies of public utility.

In accordance with their aims the co-operative building and housing societies of public utility and common interest are granted far-reaching tax

reductions. Further they are exempted from nearly all taxes except the purchase tax and land tax. According to an Act of the Federal Government the provincial governments may grant exemption from tax for new buildings for a longer period (usually 20 years). Important regulations for co-operative building societies of public utility can be found in the Law Relating to the Public Utility of Dwellings of the year 1940, which had been introduced in Austria during the German Occupation and is because of its pure economic character still in force today.

The essential regulations of the Law are as follows:

The building societies of public utility have to concern themselves by statute and in fact with the construction of small dwellings in their own name. At the same time they may supervise the building of small dwellings for public utility. Dwellings are considered to be "small", if their habitable area is limited to 100 sq.m; in single-family houses it is limited to 120 sq.m. ("Habitable area" is considered to be the whole basic surface of the dwelling.) The Law Relating to the Public Utility of Dwellings then contains regulations which guarantee the independence from influence of the building and construction industry, (§ 4 of the Law). Furthermore it is not allowed to limit the number of the members or to limit the membership just to a certain group of the population.

Further provision is included as to which transactions may be carried out by a Housing Society of public utility and which are not allowed. A special regulation is, that, the above mentioned housing societies are allowed to act as building contractors but that the erection of the buildings has to be done by members of the building trade.

The co-operative building societies may accomplish all transactions serving the realisation of their aims in providing dwellings for their members. This includes the technical and economic preparation of the buildings, negotiations and concluding of agreements with contractors, supervision of the building work and control of the costs involved. The building societies are also allowed to carry out the erection of small dwellings on behalf of other organisations with the same aim.



Contracts for such work are called "trustee contracts" and are the usual way in which building is carried out for estates where the society will not be the proprietor. Naturally they may also handle the administration, leasing and maintenance of shops and of collective equipment such as heating and hot-water plant and equipment for reading-rooms, kindergartens, central laundries etc., which serve the housing-estates and their inhabitants. Further, they are allowed to make all transactions for the acquisition of land and the financing of new projects. This primarily comprises purchase, sale, the arranging of mortgages, intermediate credits and building loans, the collecting of shares and deposits from the members and the investment of available money with banks. The society may also purchase the building materials needed for building and maintenance of the apartments. Other trading by societies of public utility is, however, prohibited by law and can only be undertaken when exceptional permission is granted by the provincial authorities. Resale of the building is subject to certain conditions such as guarantees against unjustified price increases within 20 years. The letting of dwellings is only granted at prices which meet the costs of the buildings' management, repairs and administration together with the building up of necessary funds.

In contrast to private enterprises, building societies are not allowed aim for profits and when a society is dissolved the members receive back the same amount as they contributed whilst any remaining profit is to be used for purposes of public utility.

#### Recognition and control

Each housing society of public utility has to be recognized as being of public benefit by the Board of Recognition and has to be registered exclusively by means of a decree issued by that body. In Austria, the provincial governments act as boards of registration and recognition. It is impossible for the housing society already recognized to renounce the recognition alone. The recognition can only be withdrawn by the above mentioned authority if the statute or the effective management of the society does not submit itself to the current control by the examination. Each housing society of public utility has to join the recognized examination board. In Austria it is the Austrian Association of Building, Housing and Housing-Estate Societies of Public Utility, which is the examination board recognized by the competent authorities, the Federal

Ministry of Social Affairs and Federal Ministry of Internal Affairs. Housing societies of public utility, which are co-operative societies, have to be examined by the Board every second year, whilst other non-co-operative societies have to be examined every year. The examination contains the balance-sheet and the book-keeping and the report of activity as far as it concerns the balance-sheet. Furthermore, the examination has to include the observance of the regulations concerning the Law Relating to Public Utility.

#### Federal Fund for Housing Development

The Housing Social Welfare Fund enacted in 1910, was transformed by laws in the years 1919 and 1921 into the "Bundes-Wohn- und Siedlungsfond" (Federal Fund for Housing Development). At the same time all the federal provinces of Austria created special funds for housing development which similarly grant building loans on advantageous conditions for the building of small dwelling houses.

The Law concerning the BWSF or Federal Fund of Housing Development has not been suspended, even during the period of the German occupation. But during that time it was of little importance, because housing then was financed according to other points of view, primarily by granting free public loans with an annual redemption of 1%. After the re-establishment of the Republic of Austria in 1945 the "Bundes-Wohn- und Siedlungsfonds" became very important again and today it is the main financing source of the co-operative building societies. The law relating to the "Bundes-Wohn- und Siedlungsfonds" contains also the strict principle of re-imbusement of expenses, which has to be observed by the building societies of public utility when building and planning new housing.

The fund will grant assistance only to public corporations and building societies in form of direct loans and by assuming guarantee for the society for payment of interest to the holders of first and second mortgages. These two types of grant may be given separately or together. The loans of the Fund are to be paid with 1% interest and 1% repayment. The loans should not exceed 60% of the building cost and must not amount to more than 66.000.- Austrian Schillings for each unit.

The assistance is only granted for buildings with small flats where at least 2/3 of the habitable surface is used for housing or serves the occupiers. Dwellings are considered to be "small" if their habitable surface does not exceed 60 sq.m.

The habitable surface has to include all quarters of the flat including kitchen. The dwellings have to be structurally separated and modestly equipped.

The applicant for fund assistance or the building society, has to raise at least 10% of the total cost, exclusive the cost of the site, in the form of cash. Further he has to arrange the rest of the financing. The covering costs not met by the Fund and by his own money has to be borrowed in the form of top mortgages, loans from employers and loans from the provincial funds.

If small dwellings are to be erected with assistance of the funds the local councils are asked to render assistance to building societies corresponding to their financial capacity. This means primarily the placing of real estates at the housing society's disposal (free of charge, at reduced prices or by lease), the development of the land for building and reduction of the fees for the documents. Building may not start until a written consent of the fund administration is given.

When applying for grants of the Fund the society has to enclose real estate records, land property lists, preliminary estimates of costs, building consents, a financing scheme and a rent calculation showing the different amounts of the rent, which will have to be paid by the tenants.

The assets of the "Bundes-Wohn- und Siedlungsfonds" are collected by the housing promotion dues and by budgetary allotments enacted in 1951.

The dues amount to 1% of that part of the salary, which forms the basis for the social insurance and the costs are shared by employer and the employee.

In 1954 a certain number of laws concerning the promotion of housing were enacted. Thus the grants may not be given for small and medium dwellings, whose habitable surface exceeds 130 sq.m. A quarter of the

resources of the funds should be devoted to rehousing of families living in barrack-dwellings. The second quarter is allocated to the local councils, the third quarter is destined for housing societies of public utility and the last quarter to private persons in owner-occupied multi-flat buildings.

During the German Occupation a structural change of the building societies took place so that beside co-operative building societies of public utility, which had been the main holder of the building of public utility till now, housing companies were formed on a non-profit basis. These newly established societies had been provided with plenty of public funds and had to build for certain groups of the population as employees of the German Railways, the Postal Administration and employees of larger industrial and other important companies.

These housing societies are also affiliated to the "Österreichischer Verband gemeinnütziger Bau-, Wohnungs- und Siedlungsvereinigungen" which acts as their Examination Board.

In 1945 there were 161 building societies of public utility which had affiliated to the "Österreichischer Verband gemeinnütziger Bau- und Siedlungsvereinigungen," the membership now after the Occupation, having become quite voluntary. At the end of the year 1958 the number of the member societies amounted to 340. These are divided into 232 co-operative societies, 102 limited liability companies, 5 joint-stock companies and one association.

At the end of 1958 was administered

	<u>Dwellings</u>	<u>Percentage</u>
by co-operative societies	48.981	37,3
by limited-liability companies	63.431	48,4
by joint-stock companies	18.621	14,3
by association	47	-, -
	<u>131.080</u>	<u>100,-</u>

Building capacity of the building societies of public utility during the last years:

	<u>Dwellings</u>
in the year 1952	3.250
" 1953	4.439
" 1954	5.290
" 1955	8.179
" 1956	7.619
" 1957	11.517
" 1958	10.292

In 1945 the total stock of housing of the members affiliated in Austria amounted to about 60.000 dwellings. Thus up to December 31, 1958, about 71.000 dwellings had been built.

The figures mentioned above do not contain the single-family houses, established by the housing societies, which have been transferred to the ownership of the occupants. The number of single-family houses may be estimated at about 25.000 or 30.000.

During the last years a considerable increase in the number and also in the percentage of the total construction of housing has fallen on the co-operatives. Thus the number of co-operative flats has gone up from round 16.000 in 1945 to 50.000 in 1950 whilst for the other type of occupancy represented within the National Federation it has only risen from 43.000 to 82.000 during the same period. The number of members of the housing co-operatives affiliated to the Federation has increased from 29.000 at the end of the war to 70.000 at the end of 1958.

CENTRAL CO-OPERATIVE HOUSING

CZECHOSLOVAKIA

In the Czech lands, as in other European countries, the expansion of industry in the middle of the last century brought a rapid growth of the working class and was accompanied by a considerable shortage of housing for the poorer groups of the population, particularly among workers concentrated in the developing industrial areas.

In the former Austro-Hungarian Monarchy, which also included the present territory of the Czechoslovak Republic, housing associations began to arise after 1860. At that time, however, their activities as well as their achievements were quite negligible. It was only after 1892, when housing societies started to receive state aid (at first indirect and later, from 1908 onwards, direct) that their activities began to develop more favourably. In 1918, when the Czechoslovak Republic came into existence, there were already 163 Housing Co-operatives of different sizes on its territory.

In Czechoslovakia, liberated from 300 years' subjugation, housing co-operatives took up rapid building activities, especially in the Czech lands, while in Slovakia, where there had previously been no housing co-operation, the first Societies started springing up. The activity of housing co-operatives was particularly lively between 1919 and 1924, when they received financial support from the State, credit for building and enjoyed certain tax and rate reductions.

A fairly large slump followed in the years of the world economic crisis. Nevertheless, at the end of 1938, the housing co-operatives had a total membership of 50.199.

The period of the Nazi occupation interrupted all the building and co-operative activities of Housing Societies. Not only were housing co-operatives unable to build, but they could not even repair their housing property, as a result of which the latter gradually deteriorated; also, the war itself caused considerable damage. Even greater damage was suffered in co-operative life: numerous officials were arrested and persecuted and the flats were occupied by Nazis. Numerous co-operative socie-

ties were liquidated at that time, especially those in the frontier regions.

The housing co-operative movement had to wait until the national liberation (in 1945) to be able to resume and develop their activities with new enthusiasm. In the first post-war years the societies had to cope primarily with the task of overcoming the difficulties brought about by the war economy. They also concentrated upon building co-operative flats and by means of co-operative self-help, 12,468 new flats were built, while 2,037 were reconstructed. The tasks undertaken by the housing co-operatives were by no means easy, considering the fact that the existing societies had been scattered in small units and greatly impoverished by the occupation. That was why the post-war period also witnessed a gradual amalgamation of housing co-operatives into larger units, better capable of providing the necessary funds by themselves in order to finance both the reconstruction of housing property destroyed by the war and the construction of new houses.

At present, there are 82 housing co-operatives in existence, with a total membership of 100,114.

The basic organisation of the housing co-operative movement in Czechoslovakia is the People's Housing Co-operative Society. Individual societies differ considerably in membership. Thus, for example, there exists at present a housing society with only 10 members, while the People's Housing Co-operative of Prague has some 35,000 members. Naturally, the number of members and the extent of the housing property has a considerable influence upon the organisational structure and type of work of individual housing societies. They all have, however, some characteristic features in common - particularly the principles of completely voluntary membership, election of management and control authorities, convening meetings of members, etc.

The supreme authority of a People's Housing Co-operative Society is a General Meeting of members or, in the case of Co-operatives with a large membership, of delegates; in the periods between the Annual General Meetings, the members, or delegates, hold normal meetings at which they discuss current economic and co-operative matters.

The General Meeting elects the Management Board and the Auditing Committee. The Management Board is responsible to the membership for its activities and must present a detailed report at each General Meeting.

In larger co-operatives, where the Management Board can hardly implement all the tasks connected with the administration of a vast housing property, often scattered over a large territory, it usually establishes Borough Housing Administrations as its auxiliary bodies. In such cases, the management of each Borough Housing Administration is elected at members' meetings of the co-operator's living in the borough in question. As a rule, house stewards are also elected for each house.

People's Housing Co-operative Societies are voluntary members of the Central Co-operative Council, for each Congress of which they elect delegates through whom they participate in deciding questions discussed by the Congress, as well as in the election of the Central Council officials and authorities.

At the Congress of the Central Co-operative Council, held in 1956, a representative of the Housing Co-operative Movement was elected member of the Management Board, while others are members of the Committee of the Central Co-operative Council.

Any citizen of the Czechoslovak Republic over 18 years of age may become member of a housing co-operative society, with the exception of persons legally incapacitated or judicially deprived of honorary civil rights, as long as such a restriction is valid. Even a legal person - corporation - is eligible for co-operative membership.

Whoever desires to take up membership must submit a written application, the acceptance of which lies within the authority of the Management Board of the Co-operative Society. After admittance, the newly accepted member must pay an enrolment fee of 20 crowns and a share deposit of at least 100 crowns. Apart from this, a new co-operative member pays a building deposit, the amount of which varies in different co-operatives. It also depends, as a rule, upon the size of the flat which the member receives from the co-operative. The building deposit



is, in fact, a member's financial contribution towards the building costs; this deposit is returned to the member when he leaves the co-operative flat.

Each member has the right to take part in the deliberations and decisions taken at the General and other meetings of members, to submit proposals, to elect and be elected to the authorities of the society, to participate in the co-operative activities and to enjoy all the advantages provided by the society to its members. Each member has one vote, irrespective of the number of shares deposited.

On the other hand, each member must observe the rules and other regulations of the co-operative as well as decisions of the authorities: he must fulfil the obligations arising from his use of the flat or workshop, help in the building and maintenance of the co-operative housing property and, if necessary, contribute towards defraying losses or deficits in case of liquidation of the co-operative, up to a maximum not exceeding double the amount of his share.

Housing co-operatives associate citizens in order to acquire hygienic and cheap flats, to improve housing conditions and to increase housing culture by means of joint resources and work. The purposes of a housing co-operative society include both the acquiring and building of blocks of flats as well as of family houses for its members. It may also acquire uninhabitable buildings and rebuild them for housing purposes. A co-operative may acquire and alienate property, conclude contracts and be a party in arbitration or judicial proceedings.

A Co-operative Society must look after decent and timely maintenance of Co-operative housing property, work for the raising of housing culture, increase the general and co-operative standard of members through educational and economic activity, establish play-grounds and cultural facilities, support gardening activities of the members etc.

As a rule, housing societies co-operate in their own interest with local and municipal authorities, particularly in the question of town planning etc. As regards co-operation of activities with other sectors of

the co-operative movement, housing societies collaborate particularly with the Workers' Productive and Artisanal Co-operatives in the field of building and repairs of co-operative houses.

Co-operative housing societies which built their houses in the period of the bourgeois Republic, i.e. before World War II, acquired building plans in a free competition of builders. Consequently, the Co-operatives built many different types of more or less expensive houses, the equipment of which also differed to a considerable extent. This, in turn, resulted in different rents. After 1945, the demand for speedy housing construction and utmost economy in material and financial costs necessitated a planned and more rational management of housing construction.

In the years 1947 - 1948, therefore, housing construction was concentrated only on certain types of houses and flats, which had been tested and recommended by research institutions as practical and expedient. Since then, systematic work has been going on in the field of developing these types even further for practical purposes.

The financing of co-operative housing construction varied considerably in different periods. After 1945, in most housing co-operatives each member paid 5% of the building costs in the form of a building deposit, the remainder of the building cost being defrayed by a 20% first mortgage and a 75% second mortgage. These mortgages were guaranteed by the State. Nowadays some housing co-operatives contemplate in their new housing construction a certain increase in the building deposits paid by individual members (from 5 to 15 or 20% of the building cost), which will enable the societies to acquire more financial resources of their own, and consequently they would be less dependant on mortgage credit.

In the years 1947 - 1949 alone, housing co-operatives built about 2.300 houses, including a considerable percentage of family houses. After a time, the latter were gradually transferred to the private ownership of their inhabitants.

Housing co-operatives try to make flats in their houses conform as much as possible to the requirements of modern housing. The flats built in

the post-war period had an average inhabitable area of 60-85 sq.m and contained a living room, a parents' bedroom, a children's bedroom, in some cases also a study, and all the conveniences. These flats are equipped with central heating, while the bathrooms and kitchens have geysers for hot water. In surroundings of co-operative houses, children's playgrounds have been established, apart from recreation areas and parks; most blocks of flats have common laundries, equipped with modern machinery facilitating not only the washing itself, but also drying and ironing.

The average rent amounts to something between 7 - 10% of a citizen's average monthly income. The Housing Co-operative Society of Prague, which is the largest in Czechoslovakia, also has 6 boarding houses for 1.000 unmarried people and two special homes for widows or unmarried women. In these establishments, the dwellers are well looked after in every respect; tidying up is guaranteed, good food is provided, apart from which there are clubrooms, libraries etc. at their disposal.

All the offices on the elected authorities of housing co-operatives are honorary, so that the officials managing the societies perform their duties free of charge. Only larger co-operatives have salaried staffs for the current administrative agenda. Altogether, housing co-operatives employ 320 administrative and technical employees, mostly for part-time jobs. As regards caretakers and maintenance workers, there are about 1.200 employed in co-operative houses. In recent years, however, the members of some housing co-operatives decided to do without caretakers and to divide among themselves the work of tidying up the corridors and staircases in turn according to an agreed plan. As a matter of interest it can be pointed out that it is just these which are known for the best tidiness and order.

At present, after subtracting the flats and houses of co-operatives destroyed and liquidated during World War II, and after the transfer of family houses to the member's private ownership, the housing co-operatives in Czechoslovakia have 3.560 houses with 39.600 flats and 1.542 workshops. The co-operative flats are inhabited by 123.900 people. The total membership of housing co-operatives has recently exceeded 100.000.

In general, it is the aim of our housing co-operatives to speed up and cheapen as much as possible the construction of co-operative housing by making use of modern experience in building, both as regards new materials and the development of building techniques with mechanisation of individual operations.

CO - O P E R A T I V E   H O U S I N G   I N   D E N M A R K

The underlying idea of the rule about the housing fund is that future non-profit housing shall gradually become self-financing.

Following the rules of the Federation of Non-Profit Housing Societies when new members are affiliated it is a pre-requisite that these rules - following what has been stated before - exclude speculation and allow the increase of value either from the sale of property, or any other way, to be used to promote development according to the aims of the Societies. As members of the Federation they can also be affiliated to such organizations as carry out administration or similar activities within the housing field.

Apart from the normal rules for these three types of non-profit housing organizations all of them can be accepted as consultants for the construction of single family housing. This form of activity, however, has hitherto been very limited.

The main aims of the Social Federation have been "to influence the development of housing from financial as well as technical and social aspects in collaboration with other types of organizations having interests in housing"

The highest authority in the Federation is the congress which is held every three years. To this congress each member may send up to ten delegates in proportion to the number of its flats. The Federation is divided into ten districts. Each district appoints a chairman for three years, and he represents the district on the board of the Federation and at the meeting of the district the member societies appoint representatives to the Committee of the Federation which holds meetings once a year, on which occasion the board submits a report of the activity of the Federation, its accounts and budget.

The members of the board are the chairman, appointed by the Congress, the chairmen of the districts and one representative for each of the housing societies which have been in charge of the construction of more than 5,000 flats. The board consists of 17 members in all. The income of the Federation consists of subscriptions from the member societies.

The Federation acts as a secretariat for the member-organizations formulating their points of view in relation to legislation about housing. Through

the magazine "Boligen" (10 issues yearly, 4.000 copies) the Federation brings information and propaganda. Through seminars and meetings organized in the different regions of the country the Federation helps to educate its member-organizations, especially those less experienced in legal, technical and economical problems. Through the Federation contacts are established with other organizations. The Federation has general agreements concerning wages and other working conditions with the trade unions whose members work as caretakers and stokers on the properties of the non-profit housing societies and with the association of architects the Federation has agreements concerning fees and duties for architects projecting new housing developments. The Federation has taken part in the setting up of many different institutions serving the housing industry and influences such institutions through representation on their boards.

For example the whole-sale society "Bolind" aims to supply the housing societies with cheaper building material. Also there are depots for the hire of building machines, cranes, mixers etc. in order to promote mechanization in the building industry. The "Building Centre", which is on a broad basis, supplies technical information to the benefit of the whole building industry. Another example is the "credit fund", which is working as the third mortgage institute since the new building loan act of 1958. The Federation has also, under the name of "Danish Kitchen set", made considerable efforts to increase standardization and industrialization in the field of manufacturing and kitchen equipment in Denmark. Also model types of single-family houses are being prepared. Support is specially given to individual member-organizations in different parts of the country to coordinate their activities in such a way that material is compiled to draw up long-term plans for new construction within certain areas. The purpose of this is to make possible an increase of panel construction in housing, and so to be able to build more houses. The most important of all assistant organizations which the Federation has initiated is "Arbejderbo" (Worker's housing) and for this reason this organization will be high-lighted in this description. In doing so it is at the same time possible to give a picture of the specific structure of the co-operative housing movement in Denmark.

This organization was started in 1941 in order to fulfil what at that time was lacking namely an organization which technically and administratively could assist housing societies in the provincial towns or, where no such

society existed, could take the initiative in founding one or a similar enterprise.

In the constitutions of "Arbejderbo" it is laid down that: "The purpose of the society shall be to promote non-profit housing and this end shall be secured in the following way: "at places where there is need of new dwellings the society shall take part in the founding of co-operative housing societies, co-operative building societies or proprietary building concerns which according to their constitution exclude speculation and preserve income and advantages resulting from increase of the values following social development for the promotion of the purpose of the society,"... "the society shall undertake to act as manager during the construction of non-profit housing ..."

"Arbejderbo" is an example of the management society whose sole task is to manage housing construction and possibly to give advice in connection with the founding of housing societies. There are other societies in Denmark which act as managers of local housing organizations, but these societies maintain a closer connection between the management societies and the local housing organizations. In these cases the management society is a parent organization, which has usually founded the local housing organizations as affiliated societies. Thus representatives of the parent society have seats on the boards of affiliated societies, and they influence the commencement of new building. These management societies also retain the management of the completed dwellings, whereas the management of the dwellings constructed by Arbejderbo passes to the local housing organization.

Since the founding of Arbejderbo the society has taken part in the construction of dwellings for 130 housing societies and has constructed 30,000 flats in all of which two-thirds are situated in the provincial towns and one-third in the suburbs of Copenhagen.

Members of Arbejderbo are:

- 1) Founding members: The Trade Council of The Labour Movement, The National Federation of Building Trades, The Trade Union Congress, The Central Union of Urban Co-operative Societies and The Federation of Non-profit Housing Societies.

- 2) Subscribing members, mainly federations of trade unions within the building trade, some of the founding members and the Co-operative Financing Fund of the Labour Movement (which tries to provide capital for investment in co-operative firms).
- 3) Finally, non-profit housing societies for which Arbejderbo manages the construction of new dwellings.

The General Meeting at which the members mentioned above are entitled to vote is the highest authority of the society. The chairman is elected by the general meeting, and the general meeting also elects a certain number of members of a committee in which representatives appointed by the Ministry of Housing, the various municipal organizations and other organizations interested in following the work have seats.

The committee elects a board of directors, of which two represent the housing societies. The board is the responsible management of the society. The board appoints an executive committee consisting of the chairman and two directors. On behalf of the board this executive committee supervises the day-to-day management of the society.

Also, the Ministry of Housing has appointed a superintendent. He takes part in all the meetings of the board and the executive committee and he supervises the whole work of the society.

As mentioned, Arbejderbo only manages dwellings while they are under construction, whereas the local housing societies manage the completed dwellings. As several housing societies had asked Arbejderbo to assist them in this respect too, a management society was established in 1948, and this society now takes care of the daily management of 10.000 dwellings, the equivalent of one-third of all the dwellings constructed by Arbejderbo.

Arbejderbo and Administrationssselskabet af 1948 are both members of the Federation as are all the co-operative housing societies and proprietary housing societies affiliated to these organizations.

From what has already been said it is easy to understand that the affiliated organizations of the national Federation are in many respects different. All



the members are bearers of a long term social housing policy which was initiated by a foundation in 1912 of Arbejdernes Andels Boligforening i København (The Workers' Co-operative Housing Society) and with the forming of Arbejdernes Kooperative Byggeforening København (The Workers' Co-operative Building Society) in the following year.

The Workers' Co-operative Housing Society was founded as a consumer co-operative where the members provided the capital of the society. In the case of The Workers' Co-operative Building Society the organization was formed as a joint-stock company of which the co-operative building societies own the greater part of the shares. Besides persons representing these societies the board of directors consists of representatives of public authorities appointed by the Ministry of Housing on the recommendation of The Central Union of Urban Co-operative Societies.

From the beginning both organizations were based upon continual activity as only in this way could one hope to accomplish the reform of the housing conditions which was felt to be needed. The immediate background to the forming of the two organizations was a serious crisis within the speculative private building business. This crisis meant for very many workers unemployment and lack of proper housing. It was these two evils that had to be remedied. Experience in solving the housing problem on a more organized basis was not lacking. For already in 1857 a social-philanthropic housing society had been founded called Laegeforeningens Boliger (Housing of the Medical Association). The Workers' Building Association of Copenhagen was founded in 1865 on a more co-operative basis, following the example of the activities of the building societies in Great Britain. These two organizations still exist: but, to start with, their activities were rather limited. However, a good example of what they did accomplish is furnished by the fact that at a time when the private builder was supplying badly built "barracks" these organizations were constructing dwellings for the same class of people as those for whom the private builders were catering but to a standard high enough to serve as a model for the future.

To a great extent the Building Association Movement that flourished at the end of the last century was based upon improved financing possibilities. Credit unions, i.e. co-operative mortgage associations, developed rapidly and the first was started as early as 1850. In 1887 the State stepped in offering to grant loans to associations, or local councils which undertook

to erect sound housing. The many co-operative building associations that were founded on this basis gave many good results in the erecting of small individual houses with gardens. But the organizations were in themselves not sufficiently strong to carry on permanent activity. When a limited building programme was carried through for the original group of members the building activity came to a stand-still. They just carried on to repay the loans given by the State and the associations were later dissolved. The houses which originally were meant for the common worker were sold on a common property market where they were priced to such a level that they were taken over by people with a better purchasing power than was originally intended.

Through these experiences there grew the strong social-minded co-operative that now exists in the modern Danish sphere. The results of its activities show clearly how well formed its principals were.

In the years following the Second World War the Danish housing co-operative movement has been responsible for around 40% of the total new construction of houses in the country. The rights of the members of the basic co-operative housing societies had to be adjusted to the policy of the social housing programme. On the other hand the other non-profit-making, housing associations had to accept that the interest of the occupants of their houses only can be satisfactorily taken care of when the occupants themselves have a say in the management of the houses.

The result of this development has shown itself in the fact that the co-operative union in its rules of 1960 officially accepts as members, not only housing co-operatives, but also other non-profit making housing associations which have been accepted within the National Federation of Co-operative Housing Societies.

Before such organizations are admitted to membership it must be established "that the State or Local Authorities do, by the granting of loans, giving guarantees or by other means, have such an influence on the organizations that the non-profit making nature of their activities is assured.

NATIONAL ASSOCIATION OF NON-PROFIT HOUSING ENTERPRISES IN THE  
FEDERAL REPUBLIC OF GERMANY

The first housing society in Germany of a type such as could possibly be called co-operative was the "Berliner Gemeinnützige Baugesellschaft" (Berlin Mutual Building Society) founded in 1848. This was the first society in Germany to plan building on a non-profit and co-operative basis. Its programme, for those days, was rather advanced.

The society was founded by a group of progressive-minded persons who saw the prevailing housing shortage as a social sore, which however could not, it seemed, be remedied by private building. Its aim was to build and provide housing for medium- and lower-income groups on a membership-lease basis. Flats should be spacious and well built, and they should be let only to persons, such as craftsmen, with incomes just above those of the average worker.

In each building, which usually comprised ten flats, each with two rooms and kitchen, the tenants formed a Tenants' Association, which was entrusted with some part of the administration. The rent, which was calculated according to the non-profit principle, included a 4% rate of interest on the capital cost of the house. This rate, once calculated and established, could not be increased, and tenants thus came outside the range of the real-estate speculator. Amortisation period was fixed at 30 years, at the end of which time the building, as a real estate, came into the ownership of the Association on behalf of its members, among whom shares were divided. Tenants resident for less than the full thirty years received in lieu of shares payments proportionate to individual amortisations, from a reserve fund.

The Society's starting capital and subsequent subscriptions for building purposes were obtained by the sale of shares or bonds, mostly from subscribers with ideological motives. The shares or bonds were not sold on the Stock Exchange and could not be mortgaged. Investments were thus of a long term nature and sale of shares or bonds was difficult. Rate of interest was generally limited to 4%. Some capital was also received in the form of donations.

The financing of its housing projects was sponsored entirely by the Society itself. The rate of building was thus limited.

The idea of having Tenants' Associations as administrative bodies eventually to become owners, although progressive, proved unsuccessful. Too rapid amortisation resulted in rents being found too high. Prospects of becoming future owners of their own flats did not encourage tenants to carry initial costs.

After a few years of success, the Society thus encountered difficulties in letting, and the founding of new Tenants' Associations stopped.

This was the first step nevertheless towards a non-profit and co-operative housing system in Germany. Berlin Mutual failed but the idea survived.

New societies were founded by progressive-minded persons to create means whereby low-income groups could solve their housing problems by self-help.

In 1862 the first true co-operative housing society was founded, and others grew rapidly in its pattern, to number by the end of the century 385. In 1910 such societies totalled 964 and in the middle of the 'twenties they reached their maximum of 3.500. These societies however were in no way really co-ordinated. Existing societies developed and new ones came into existence in response entirely to local demand and requirement.

Their first co-operation was for the purposes of auditing. In 1896, the first district auditing office was established, with the task of auditing the books of the affiliated societies. Thirteen similar district auditing offices were founded in 1912, but the first real central organisation within the German co-operative housing movement was established as late as 1920 in Hamburg under the name of "Vereinigung deutscher Baugenossenschaftsverbände". Four years later came the "Hauptverband deutscher Baugenossenschaften e.V."

During the first two decades of the present century, some other organisations, not legally constituted as co-operative, entered the field of non-profit making housing, and from 1920 onward this movement increased extensively.

Founders of such organisations included municipal authorities, trade unions, industries etc. The conception "non-profit making" was however not legally

defined until an act of 1930 in which they became recognised as independent societies responsible for their own administration.

When the Nazis took power in Germany, these societies, together with the whole co-operative and non-profit making movement, now found themselves completely subordinated to the political aims of the Nazis. However much they tried to maintain the progressive direction, their way of working had to be altered considerably. Housing during these periods had to serve political ends, for which state enterprises and big combines connected with the armament industry were obviously better suited than independent co-operative societies. The effect was to hold back co-operative housing.

Since the Second World War the number of co-operative housing societies has increased somewhat gradually. By the end of 1949 there were 1.648 societies in the Federal Republic. In 1952 they totalled 1.855, but in 1956 the total had fallen to 1.762 and in 1960 there were 1.655 co-operative societies. This recession during the fifties is unfortunately reflected in fewer newly built housing units by co-operative housing organisations for letting or permanent tenancy. In 1950 60,000 units were produced and a peak was reached in 1953 of 73,000 units, but since then there has been a steady fall-off. In 1960 housing co-operatives accounted for 44,828 newly built houses and flats of which 9,092 were built for non-profit making or public housing organisations.

The recent decline in co-operative house-building is compensated mainly by progress in another form of non-profit housing, the so called Gesellschaft m.b.H. and Aktiengesellschaft. Some of the causes for this development will be dealt with below.

To understand the position of co-operative housing in the Federal Republic, one must form first of all a general picture of non-profit and social housing.

Non-profit housing in Western Germany is governed by an Act of 29th February 1940, whereas the law governing co-operative building societies is that which applies to co-operative societies generally.

The object of the 1940 Act is to stimulate and promote the building of smaller flats for low-income groups. The Act is aimed against specula-

tion. It prevents properties built on a non-profit basis from being distributed to the benefit of individuals. All capital invested in them is tied to non-profit and social aims. Should a non-profit enterprise wind up, its funds have to be allocated to other non-profit housing enterprises.

As non-profit concerns are required by law to consider the interests only such people as can be considered to be in need of public support. Transfer of the right of occupancy in multi-flat buildings and the sale of such houses as a whole are permitted only at cost-of-construction prices.

The District Auditing Commission, to which the housing organisations must be affiliated, and which we shall describe below, has created an institute which ensures that from the legal point of view all requirements are observed. These auditing regulations apply not only to co-operative housing societies but also to other non-profit concerns, which usually have the legal status of G.m.b.H. (limited liability company) or A.G. (share-holding company).

Besides being affiliated to the District Auditing Commissions, non-profit housing concerns are indirectly members also of the National Association of Non-Profit Housing Enterprises founded in 1949, with seat in Cologne. Nationally, there are nine District Auditing Commissions, each covering a certain region. Their activity is not limited to auditing, but now includes also consultative and advisory work concerning legal, financial and economic problems, as well as housing policy in general. Commissions also represent the interests of non-profit housing concerns in their dealings with the various regional or "Land" Governments within the Federal Republic. They also undertake the training of officers and staff for the non-profit concerns.

Members of the Auditing Commissions have to accept the module statutes recommended or accepted by the National Commission and they have also to support its decisions. They are further obliged to give all information and to hand in all documentation required by the auditor. Societies have to comply with decisions of the Auditing Commissions. An annual report and a report on activities, in conformity with patterns recommended by the Auditing Commission have to be delivered to the Com-

mission by the members. A representative of the Commission must be invited to the annual meetings of the societies or companies, and the Commission must be notified in cases of changes on the Board of Directors, in the management of trustees. For the services of the District Commission an affiliation fee must be paid.

The National Centre of the non-profit housing societies or companies is thus the National Association of Non-Profit Housing Enterprises, "Gesamtverband gemeinnütziger Wohnungsunternehmen". Members of this Association are the nine District Auditing Commissions. The separate housing societies or companies are not affiliated with it directly. Also affiliated with the above mentioned National Association is the "Zentrale Organisation für Bundesvereinigung deutscher Heimstätten e.V." with its 10 district organisations in the different "Länder" mainly working for the provision of single-family and semi-detached types of housing. Members are further saving organisations for provision of housing and building material sales bodies as well as building trustee organisations. As a top organisation the National Association has the following tasks: to develop, stimulate and promote non-profit housing in all its forms, its social aspects and the co-operative ideas it implies; to represent all members of whatever phase of interest within the field of public housing, thus also such societies which have not been nominally recognized as public housing agencies, to supervise the activities of District Auditing Commissions, to carry out research work within the field of housing and construction etc.

An essential task of the top organisation is quite naturally to keep close contact with Parliament and the administrative agencies of the Government in order to influence the housing policy of the Government in such ways as to serve the aims of the non-profit housing organisations.

Even if the separate housing societies or companies are not formally members of the National Association, this does not mean that they lack influence over its policy. New rules adopted in 1955 in fact offer local housing societies a more active role than previously. Their influence is no longer exerted only through their representation on the District Auditing Companies where local housing societies alone are members. Individual societies can now voice their opinions also through their rep-

representatives on the different committees of the National Association. Particularly important here is their representation in the Congress of the National Association, its highest authority, which consists of nine delegates from the Auditing Commissions and 120 delegates from the individual non-profit housing societies or companies. In addition the General Organisation for Single-Family Housing Societies is allowed to be represented at Congress by observers, who however have no right to vote. Congress lays down the general lines in housing policy and financing of the National Association. It elects also the Executive, the General Council and appoints the President. Furthermore it decides the relative voting strength of delegations from different companies or societies.

The General Council comprises twenty-seven members - and the President, elected by Congress - and twenty-seven others elected by the District Auditing Commissions. The General Council deals mainly with basic housing policy, and recommends principles to be applied, which however have to be adopted by Congress.

The administration of the National Federation is directed by the Executive, comprising five members, who are nominated and elected by Congress. Of this Executive, four are Trustee Members; the fifth, who is Managing Director, is a full-time officer. Of the four Trustees, two should be members of the Board of the Auditing Commissions and the other two representing individual housing societies. Term of office is three years. The Trustee, while serving, cannot at the same time sit either as delegates in Congress or on the General Council. The Board of Directors appoints its own Chairman and Vice-chairman. The Managing Director is a member of the board ex officio. He is responsible for the administration and the activity of the organisation in conformity with laws, rules and decisions of the National Federation. His term of office is five years.

Special committees are appointed to report on special questions. They have consultative status, and their members are appointed by the Executive.

The difference between co-operative housing societies (eGmbH) and other forms of non-profit building undertaking is distinct. The co-operatives



are membership societies formed to cover the housing needs of given groups of members.

Usually such members are either persons who have incomes which do not allow them to acquire a flat provided by the private housing companies or persons who for ideological reasons prefer co-operative ownership and administration.

According to the module statutes for co-operative housing societies their tasks are in brief: to build and administer dwellings and to do so also on behalf of other non-profit housing bodies, to promote the interests of the individual members by supplying sound and healthy dwellings at reasonable costs, to carry on activities in conformity with the conception of non-profit making.

The different bodies of a co-operative housing society are the Annual Meeting, the General Council or Trustees, and the Executive. The Annual Meeting is held by delegates appointed by the members of the Society together with the Executive and the Trustees. In smaller societies representation is direct, i.e. there are no Trustees or General Council, the members themselves constituting the Annual Meeting, thus the highest authority. The term of office of Trustees and substitutes is usually three years. Any registered member of the society is as a Trustee eligible. Each member is entitled to one vote which cannot be exercised by proxy.

The Annual Meeting is the highest authority of the society. It is the Annual Meeting which has to adopt or reject the auditor's report, the financial report, the profit and loss account, and the balance sheet. Further it has to decide on the distribution of profits, or on how losses should be met. It has also to decide about discharge of responsibility for the members of the Executive and the General Council, and to elect the Trustees. The Annual Meeting also decides on alterations of statutes and other accepted practices.

The co-operative society having a General Council must comprise three members, or any other number of members divisible by three. Members are elected for a three-year term, one-third annually. The task of the General Council is to stimulate, advise and supervise the Executive. It has to participate in the work of the auditors, and must report

their findings to the forthcoming Annual Meeting. A Trustee may not, while holding office as such, be also a member of the Executive. Nor may an employee of the Association be a Trustee. The Executive consists of three members appointed by the General Council for a five-year term. As a general rule, persons who are engaged in any form of building activity may not have any decisive influence on the management of the society. Nor may more than one-third of the members of the General Council or the Executive be engaged in the building activity. The co-operative housing societies are in all other respects subject to the provision contained in the Law on co-operative societies to which here is referred.

Members of the Executive or of the General Council engaged within the building trades may not conclude agreements on building or maintenance of houses belonging to the Association. Exceptions may however be made if the General Council unanimously agrees, or in case of a limited contract that the subject is also approved of the Registration Office and the District Auditing Commission. The Executive and the Trustees are jointly responsible for:

- 1) Contractors' agreements, purchase and sale of building sites, erection of houses;
- 2) drafting of building programmes;
- 3) conditions for the handing over of dwellings and the use of collective installations;
- 4) basic rules as regards housing administration;
- 5) principles and conditions for sale of family houses and of own-labour contribution to self-aided building;
- 6) report on auditing according to rules and laws and measures to be taken accordingly.

At joint meetings the two separate bodies have first to agree on decisions severally. Proposals on which bodies cannot agree within themselves severally are considered rejected.

Membership of a co-operative housing society is obtained by the signature of an undertaking to purchase at least one share.

Members should hold a minimum of one share, the amount of which is usually DM 500:-, cash down or by instalments. Interest is payable out of any profits made, but may not exceed 4%. As long as the share is not fully paid in, interest is credited proportionately to the share account of the member. Liabilities as well as profits are distributed among members in proportion to fully paid shares. The shares or credits of profits minus losses are payable only to members leaving the society. They may not be pledged as security within the society. Nor are they transferable. A member's economic obligation towards the society is limited partly to the amount of shares and partly to a special guarantee deposit amounting to DM 500:- per share, which he undertakes also to pay upon entering the society.

Co-operative societies play a predominant role within non-profit building and housing. In 1956, 1.762 societies within the Federal Republic were affiliated with the National Association in Cologne. The number of shares at the same time amounted to 1.354.000, a figure considerably higher than total membership. During that year, while membership itself increased by 3,5%, the number of shares increased by 6,1%: this difference may be ascribed to increasing difficulties in the raising of top capital for housing. To strengthen capital resources within co-operative housing it is now often required of new members that they shall purchase two or more shares.

At the end of 1960 the total stock of housing within 1.655 registered non-profit housing co-operative societies was 700.000 units. This stock was distributed among societies, the average membership of which was 640, average number of units per society amounting to 420. The average size of societies, as well as number of members and dwelling units, tends now to increase.

Illustrating the importance of co-operative societies within the sphere of non-profit housing in Western-Germany and West Berlin, at the end of 1960 the total stock of such housing was roughly 2.120.000 dwelling units, of which total 33% were co-operative. The co-operative societies' share of the total stock of all housing was limited to no greater than 4%.

In 1960 the non-profit housing concerns of all kinds, exclusive of

houses provided by member organisations of "Bundesvereinigung deutscher Heimstätten" built 157.426 flats of which 23.043 were built on trust account for other builders. The co-operative societies' share comprised 44.828 distributed among 1.655 societies, equivalent to 28,4% of the production of all non-profit housing. Flats built by the co-operatives on behalf of other builders totalled 9.092. The number of co-operative flats in relation to total production within the non-profit sector amounted to 26,6%. Corresponding figures for previous years were :

1951	41%
1952	38,3%
1953	35,4%
1954	33,5%
1955	32%
1956	30,1%
1957	26,9%
1958	25,8%
1959	27%

As regards number of enterprises, the co-operatives remain constant. At the end of 1956 there were within the non-profit sector 1.778 co-operatives, 530 Gesellschaften m.b.H., 71 Aktiengesellschaften and 34 enterprises of various other types. At the end of 1960 the number was 1.655 co-operatives, 536 Gesellschaften, 36 housing enterprises of other judicial form.

Within the whole Federal Republic and West Berlin 574.500 units were built in 1960. The non-profit sector accounted for 172.420 units, amounting to 30% of the total housing production. Excluding single-family houses the percentage was 23,4% and the share of flats built by co-operative societies amounted to 7,8%.

It will be seen that the actual percentage of co-operative housing within the Federal Republic and West Berlin is comparatively modest. Recently in fact production in the non-profit building sector has been reduced in terms of percentage of total housing production. The main difficulty in the way of co-operative societies is financial. So long as co-operative housing societies have to rely entirely upon their members, they have difficulties in increasing their capital holdings. Their economic strength grows mainly pari passu with membership, which means that the accumulation of capital on a large scale takes considerable time.

Non-profit limited liability companies (Gesellschaften m.b.H.) as well as other on not non-profit making basis working builders can accumulate capital more quickly. G.m.b.H.'s moreover, bound to non-profit making and social considerations in the same way as a co-operative, have however during the period since the Second World War been commonly engaged by both municipalities and industries to solve their housing problems. They have proved to be more suitable than co-operative societies to solve specific post-war housing problems, notably those arising from the large-scale redistribution of populations since 1945, which still continues. The housing of refugees necessarily raises social problems, the solution of which is approached with less difficulty by non-profit enterprises, such as the G.m.b.H.'s, the scope of which is less confined than that of co-operative societies whose task must be limited to the provision of housing for their own members. Obviously long-standing shareholding members of co-operative societies could not consent easily to the allocation of housing as it becomes available to special categories of the population, in whatever emergency.

Quite possibly, however, a change will come. The co-operative idea itself is strong enough to face the future with confidence. There is a case however for increased support of co-operative housing from Federal Funds. At present non-profit co-operative housing works under the same conditions regarding Federal support as private builders. Even if it demands no special favours from the Government, it would be realistic of the authorities to give more support at the present market juncture to non-profit housing. The means now granted from Federal "Länder" and municipal resources to encourage new housing projects for the broader masses have not kept pace with increased building costs. The result is increases rents, as well as increases in down-payments of capital from individual tenants especially among the low-income groups.

Need for government support for housing is not purely a post-war phenomenon. Already during the twenties the State had engaged itself comparatively more heavily than today. Housing is necessarily among the slowest of human activities - although it is one of the greatest of human needs - and it cannot keep pace with other industries and markets without national policy and finance.

C O - O P E R A T I V E   H O U S I N G   I N   F I N L A N D

The K.K. - Haka organisation  
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The beginning of proper co-operative housing in Finland by the KK is usually considered to be the establishment in 1938 of the Helsinki Central Housing Society. Haka, formed by the co-operative central organisations, The Co-operative Union, KK, the OTK Wholesale Society and the Kansa Insurance Companies and the Elanto Co-operative Society of Helsinki. The ambitious first project of this big enterprise was the so-called Olympic Housing Estate of Helsinki which even today may serve as a model to show how attractively and how rationally housing in a town can be organised, whenever sound social principles are applied.

Housing was officially included in the programme of the co-operative pursuits at the 1939 KK-congress, where it was decided in principle, that housing should be included in the list of services, in respect of which the KK-movement must make an effort to meet the demands of consumers with limited means.

The Haka-combines do not form a firmly organised national entity; the uniting link is rather to be found in their mutual co-operation and solidarity, in joint official action and in the close personal contacts. The official link has consisted of an Annual Conference, the agenda of which has included a number of housing and construction problems of current importance and as well excursions.

In the Co-operative Union, KK, there is, however, an advisory body, the task of which is to draw up the general principles for developing housing construction within a branch of the co-operative movement. This advisory body includes a number of prominent co-operators, representatives of banking institutions and experts on housing and on construction.

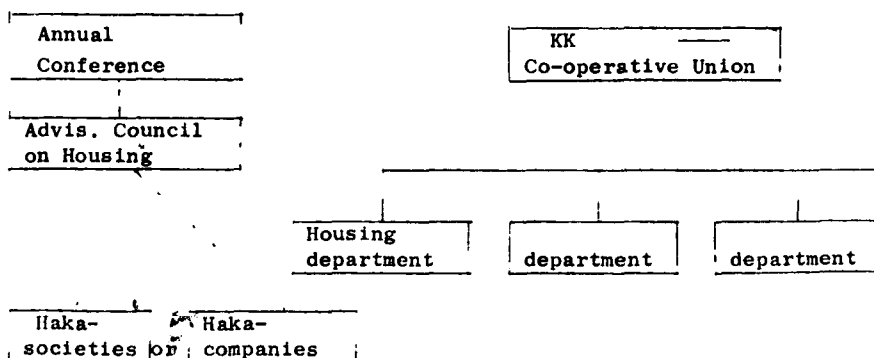
In accordance with the decisions drawn up by this Advisory Council on Housing, the KK-movement has participated since 1940 in the establishment of house construction bodies in many towns and municipalities. Following the name adopted by the Helsinki Haka Society the name of Haka

has been used in many of these cases. Usually their organisation and administration has been based on co-operative statutes in the bigger localities, whereas in smaller areas the limited liability housing company has been considered more practicable.

At the present there are 33 Haka-societies and Haka-companies, of which 15 are in towns, 16 in smaller market towns and 2 in the provinces. In most cases the local co-operative society, the central co-operative organisations and the municipality are members of these housing societies or companies. In some cases one or several employers are also members.

Although the Haka-societies do not form a firm national entity, there has been a permanent organ entrusted with a number of practical tasks. This organ is represented by the Housing Department of KK, established in 1940 and operating under the supervision of the Advisory Council on Housing mentioned above. It functions as a specialised designing and planning bureau for the "member" enterprises. It draws up plans and designs for the Haka-bodies, issues advisory reports on administration and finance, assists in finding the necessary capital, covers and handles the various questions which have to be settled with the authorities - including applications for public loans (so called Arava-loans). The Haka-companies make no contribution to KK for the purpose of covering its administration costs, which are included in the ordinary fees charged by the bureau or department. The bureau has also drawn up a number of plans for municipalities and private concerns.

The scheme shows the relations between the KK, its Housing Department and the Haka-combine. The dotted line indicates that there are no direct membership links.



The Haka organs may be societies or companies but their purpose is always to provide social housing, which appears inter alia from their statutes, according to which surplus or dividends can be distributed among the members up to 6% of the net profit. New Haka-combines are founded only on the initiative of local municipal bodies or persons in need of flats. In most cases the procedure is that the town clerk approaches the local co-operative society requesting the foundation of a Haka-combine. As a consequence of this the Housing Department of the KK sends a representative to the municipality with the task of informing the people there about the conditions needed for the foundation of a Haka-combine and the activities of the combine.

As mentioned above the Haka-combines do not form a coherent organisation, but in spite of this they always utilize the services of the KK Housing Department. As applications for loans to the Arava-office, which grants state loans, should be made annually before the end of August, the Haka-combines order their designs from the Housing Department of the KK in the spring. As a result of necessary discussions the Department then draws up a preliminary plan of the house or group of houses including costs and financing.

As far as financing is concerned, it should be mentioned that it is divided into three parts:

- a) own financing, or down payment by the future occupiers, varying from 10 - 30% of the value of the property,
- b) primary loans from credit institutions about 30 - 50% of the property value and
- c) loan from the State of about 30 - 50%.

On the average the Haka-combines procure about 30 - 60% of the needed primary loans from the local credit institutions and as far as the rest is concerned the Housing Department assists in procuring it from the central banks of the capital - which is also the case as far as the State loan is concerned.

Because of high building costs and the general scarcity of capital, the Government has had to play an increasing part in the financing of housing by granting loans at low rates of interest.



In 1949, the Housing Commission or State Loan Institute (Arava) was founded. This Commission is responsible for the distribution of State mortgage loans in urban areas and by the end of 1957 had advanced 57 milliard marks. The State loan is granted as a second loan after a primary loan has been obtained from a credit institution. The total loan obtainable from the credit institution and the State is not allowed to exceed 90% of the value of the property.

The interest charged on State loans is not fixed; at present it stands at 1%. The redemption period for State loans on non-wooden houses is fixed at 45 years. In the first year no repayment of capital is required, in the next 4 years only 1% of the capital is repayable, and in the subsequent 40 years annual capital repayments of 2,4% of the loan are required. A period of 33 years is allowed for the repayment of loans on wooden houses; no repayments of capital are required in the first two years, 1% of the capital is repayable in the third year and 3,3% annually in the remaining 30 years. The unfavourable effect on dwelling costs caused by the very high rates of interest, (about 7½ - 8%) charged on loans obtained in the open market is thus largely offset by the favourable terms upon which State loans are granted.

A new Arava Act, in force between 1954 and 1959, allocates from State funds up to 7,5 milliard marks a year for housing purpose. By this means the construction of between 9.000 and 11.000 dwellings will be subsidized each year.

The joint-stock company block is a multiple-storey building containing a number of flats, which are owned by the occupants who are shareholders of the company. If such a building also contains business premises garages, etc., these are owned and let out by the company itself. The company is administered and managed by a Board elected annually by the shareholders (occupants).

Haka-companies initiate and supervise construction of joint-stock company blocks, tenement houses, and instalment joint-stock company houses (the share capital is fixed as low as possible, for instance

10%, and instalments are spread over ten years and collected monthly in connection with the other instalments) annually about 20 to 30 houses. They are now responsible for the construction of about 10 - 12% of all of Arava mortgaged houses, mainly in the form of relatively small flats in three to nine storey blocks.

In the present circumstances, with high building costs and interest level, the Haka-companies are not able to pursue their activities on any other basis than that of the loans for social housing construction at a low rate of interest provided by the State (Arava) mentioned above. In applying for these, they have to meet sharp competition, and their chances of obtaining such loans depend on whether the plans are economically and socially competitive.

In most cases Haka-companies have hitherto built houses for administration by bodies organised as limited-liability housing companies. This actually means that the flats will be occupied by the actual holder of shares on terms stipulated in the Arava legislation, but the transfer of the flats may not be an object of speculation. When the limited liability housing company is formed, the Haka-company is allowed by Arava to make a charge, not in excess of about 2% of the construction cost.

In most cases the actual construction of Haka houses is carried out by private contractor under conditions of free competition. Only the biggest Haka-companies, such as those in Helsinki, Lahti and Tampere undertake the actual construction themselves.

On the whole the Haka-companies are trying to build complete housing estates. The most common type of building has 3 floors, even if some tower-houses of 10 floors and serial blocks have been constructed.

The influence of the co-operative housing production enterprises as well as that of social housing in general has apparently been salubrious in many ways. Before the First World War there was still, in the field of housing, a rather general tendency to make unfair profit at the sacrifice of quality. The competition of the co-operative housing enterprises with their developed planning of buildings, costs lowered by means of rationalization and, above all, their competition for State loans has no doubt decreased the earlier profits of private persons as well as the

building costs.

The possibilities of procuring primary loans from the credit institutions have been strained during the last years. This has led to such a situation, that one has had to increase the financing by the future inhabitants or shareholders themselves up to 30% of the loans. The consequence of this has been that it has been increasingly difficult for people of small means, for which the Arava Act originally was intended, to get Arava flats since the "own share" mentioned above must be paid within about 6 - 12 months. In order to make the situation easier the KK and Haka have planned so-called flat savings, which means, that the people in need of flats start to save money for this purpose in good time and when in 2 - 4 years they have saved up their necessary "own share" they would have right of precedence to Haka-constructed flats.

By the end of 1957 the Haka-companies had provided altogether 522 buildings of an aggregate volume of 2.171.025 cubic metres, 8.553 flats and 22.428 rooms. The corresponding figures in 1958 were 36 buildings, 261.619 cubic metres, 1.047 flats and 2.916 rooms totalling about 12% of the entire Arava production.

THE NATIONAL FEDERATION OF HLM HOUSING CO-OPERATIVES IN FRANCE

The "Fédération Nationale des Sociétés Coopératives HLM", or National Federation of HLM Housing Co-operatives, is the major co-operative housing organisation in France. It came into being as late as just after the First World War. Housing cooperatives in France had started however already around 1860. Based upon the Rochdale principles, they maintained activity during the second half of the century, but on a whole with only pioneering effect.

Industrialisation during last century in France brought a worsening of housing conditions, with the herding of new populations in the towns. Main adverse effect was upon the working class. Remedial legislation started as far back as 1894, the first Act being one to facilitate the progress of co-operative housing. This Act to promote better housing conditions was followed by new Laws in 1906 and 1908, and finally by the introduction of the present scheme for moderate rental housing, known as Habitations à Loyer Modéré (HLM) in 1919. It is upon this series of Acts over a quarter of a century up to 1919 that French legislative provisions still rest.

Despite many initial difficulties, especially as regards the financing of their own housing projects, the co-operative sector of the HLM succeeded between the two World Wars in gaining an authoritative standing among housing activities nationally.

Up to 1939 the French co-operatives applied their efforts mainly to the building of owner-occupied dwellings - a specifically co-operative form of activity which enables workers gradually to possess their own homes.

The future owner-occupier of such a home subscribes shares corresponding to the cost of the dwelling intended for him by immediate payment down of a sum in cash corresponding to such amount of the cost of his dwelling as is not covered by State loans. Usually this is 25 to 30 % of the total cost. The remainder of the shares are purchased by regular instalments spread over the period of the amortisation of the State loan, which is generally 25 to 30 years. It is when these total costs are paid that the "co-opérateur" acquires title to his dwelling. This form of acquiring ownership on co-operative principles is known in French as "location-attribution." The State loan

includes coverage for a life-insurance to guarantee recovery by the State in the event of the co-operator's death.

Modifications in national housing legislation necessitated by the economic and social situation following the second World War put the HLM societies in positions rapidly to surpass their pre-war volume of building.

In 1947, HLM introduced in conformity with needs after the Liberation, new method, more flexible from the point of view of the cooperator, of obtaining dwellings, half-way between ordinary letting and homeownership. This was actually to simplify the application of co-operative principles. The cooperative tenant was able thus to subscribe cash-down an amount as small as about 15 to 20 % of building costs, the difference between that amount and the State loan to be made up by instalments pari passu with his amortisations of the State loan. He was thus finally to come into possession of the number of shares equivalent to the building costs of his dwelling, the dwelling itself however remaining the property of the cooperative, which also continued its management.

This modification was followed in 1956 by a government measure to limit the number subscribable shares to the member's initial contribution. The effect of this elimination of continued payments alongside amortisations was to provide the cooperator with the right of permanent tenancy together with possession of shares - both tenancy and shares transferable, subject to approval by the cooperative, or inheritable - but without the obligations and charges of management. This difference contains now the distinction, in the Cooperative realm, between pure traditional home-ownership and cooperative letting.

HLM cooperatives are competent also to carry out ordinary letting. So far there has been little activity of this nature. More generally in practice, as a means especially of offsetting increased members' charges, is another form of cooperative letting to members based upon an initial payment of a smallish lump sum of between 300 and 1500 New Francs. While the occupier on this basis does not enter into the right of privileged tenancy, he obtains nevertheless the same rights as other members to participate in the management of the society, and to make use of its services on equal terms. This development, which is encouraged by the government, may be expected to ease specialisation in (1) the building of cooperative dwellings for future private ownership, (2) cooperative letting, or (3) ordinary

letting to cooperators of comparatively small initial means - thus in the three main branches of French cooperative activity.

State loans, provided through the Caisse des Dépôts et Consignations, are on terms according to method. For home-ownership, they are at an interest rate of 2 %, subject to a 1 % per annum capital reduction over ten years, and full redemption over up to 30 years or in any case before the borrower reaches the pensionable age of sixty-five. Amount of loan is according to composition of family.

For cooperative or ordinary letting, terms are much easier: no interest at all for the first three years, followed by 1 % per annum over a redemption period of 45 years. These loans amount generally to 45 % of total building costs, and are granted subject to repayment guarantees provided by local authorities, Departmental or Communal.

HLM cooperatives may finance their building projects also through non-State loans. By the operation of a bonus system since 1949, loans from Savings Banks are now nearly as advantageous as State loans. Loans from the Crédit Foncier institute are somewhat more expensive at 2 3/4 % with 25 years' redemption.

Each individual HLM member, of whatever shareholding or status as regards privilege, is entitled to one vote at General Meetings, and to become member of the Conseil Administratif or of one of the auditing committees. Members of the Conseil are unpaid. Profits of HLM's are either ploughed in to finance projects, distributed as dividends to members, or allocated to social welfare schemes. They can also be applied to the relief of members in temporary difficulties, or to the supplementing of loans to families of particularly moderate means.

Characteristic HLM societies are two important ones operating in the Seine and Seine-Oise Departements, the former of which includes Paris. These two societies, Terre et Famille and its post-Liberation offshoot, Coopération et Famille, share headquarters in a building right in the centre of Paris and certain services, while remaining legally and financially distinct. In the nature of Coopération, they are uncompetitive, and the pooling of their main services - their administrative, financial and technical departments - is a contribution towards its structural rationalisation, with all the economies that brings.

Terre et Famille, of which M. Eugène Brot has held the office of President of the Conseil Administratif for 51 years, was founded in 1908 by a small group of Parisian clerks, workers and artisans with an initial capital of 20.000 francs, equivalent then to £ 800, borrowed from cooperative savings societies. By 1914 it had already started building on a plot of land in the 13th arrondissement of Paris provided by the City Council. Between the two wars it had built over 100 detached houses and many semi-detached, intended for gradual private ownership on the location-attribution basis.

Coopération et Famille was founded in 1952, at the proposal of the Director-General of Terre et Famille, M. Léon Robert. Both societies proceed along the same lines, Coopération et Famille however specialising more than the "elder sister" society in the building of blocks of flats. So far, Terre et Famille has built 6.600 dwellings and Coopération et Famille has built nearly 4.200. This total of 10.760 dwellings represents an invested capital of 420 million New Francs, of which about 70 % from bonus-carrying State loans and 30 % from members' contributions supplemented mainly by the Central Agency for Family Grants and by Departmental agencies.

France trends towards large families, and modern French social policy since the Léon Blum period towards their security. A rôle of the French cooperative societies, in conformity with this new social climate is the maintenance of the "open-door" principle. It is their policy to turn away no worker, however under-privileged, who has a sufficiently steady job. Such home-seekers are in fact often aided right away on application from the Cooperative Solidarity Fund.

Of interest here is the proportion of smaller families among members, as illustrated by the following table of percentages of total membership according to size of family:

Households without children	19 %
-"- with one child	26,5 %
-"- with two children	23 %
-"- with three or more children	31,5 %

Of interest also is the comparative size of dwellings. Detached houses usually contain 4 main rooms, and in blocks of flat dwellings - in accordance here with government regulations - average  $3 \frac{1}{2}$  rooms. Each house or flat contains also kitchen, bathroom and lavatory - detached houses containing also garage or store-room. A fairly representative income for cooperative members with two or three children is 600 New Francs per month.

Each of these two societies has its own Solidarity Fund, financed by a cut out of their profits. They grant loans to members of up to 3.000 New Francs, at 3 % and repayable after 3 years.

These are two out of 183 HLM societies affiliated through the Fédération Nationale des Coopératives HLM. Up to 1960 together the HLM's have provided homes for 100,000 French families.



C O - O P E R A T I V E   H O U S I N G   I N   G R E A T   B R I T A I N

Introduction

Co-operative housing associations on the Continental pattern have not developed widely in Great Britain. Such associations have developed most rapidly where the flat is the typical unit of accommodation and where the communal spirit is well established. In Britain, however, the single-family house is characteristic and a strong tradition of family independence has hindered attempts to set up communal forms of organisation in the housing field.

In the nineteenth and early twentieth centuries property investors played the predominant role in housing development in Great Britain. As a result, dwellings rented from private landlords constitute almost 40% of the nation's housing stock. Since 1919, government housing authorities have provided dwellings for a large proportion of the lower-income groups whilst a trend towards the purchase of single-family houses for owner occupation has become more pronounced during recent decades.

Although there are few co-operative housing associations, co-operative credit institutions known as building societies have come to play a most important role in the housing field.

Building societies do not build houses; they are purely financial institutions, collecting small savings from the general public and lending funds to persons, who wish to purchase houses of their own. In performing this two-fold service, a building society acts both as a savings bank and as a mortgage bank. It is not a profit-making organisation in the commercial sense and displays co-operative characteristics in that it functions for the mutual benefit of its investing and borrowing members.

There are over 700 building societies in Great Britain. They provide about 70% of all long-term housing loans granted in the country and their combined assets today exceed £ 3.000 million.

(An account of the history and operation of the Co-operative Permanent Building Society is set out below).

In addition to building societies, there are other organisations, known as housing associations, which display certain co-operative characteristics. These associations are non-profit making organisations "established for the purpose of constructing, improving or managing housing". The element of collective management varies with the association and it is largely a question of definition as to how many may be described as "co-operative". Associations mainly provide rental accommodation though in some cases they build houses for owner occupation by their individual members. Since the war they have been mainly financed from local government sources and have worked in close co-operation with local authorities. Indeed, in many cases, they have become auxiliaries of local authority building programmes.

#### Classification of Associations

Housing associations are usually established to provide rental accommodation for definite occupational or social groups. They may be classified as:

- a) Philanthropic. Under this heading come all those societies formed by social and religious groups which are interested in meeting the needs of particular sections of the community, such as the aged, the single, the disabled, coloured immigrants, and so on. These societies are registered as charities. They accept donations and legacies, and the management committee consists, not of members, but of socially-minded persons, willing to give time and effort to the task.
- b) Industrial. In order to house their employees, especially when their factories are situated in isolated districts, many industrial firms find housing society machinery suited to their purpose. With the almost complete disappearance of private enterprise houses to rent, this type of society is increasing in numbers and importance.
- c) General, including those formed by national and social organisations such as rotary clubs, regimental associations, colleges, etc.
- d) Self-builds. Societies whose members have built, or partly built, their own homes with their own labour.
- e) Co-operatives. Whether called Tenants' Co-partnership. Tenants' Co-operative, or simply Tenants' Associations, these are the truly de-

mocratic type of society. In these the houses are owned jointly by the tenants as members, and organised and managed by them through their own elected committees.

Since most associations exist to meet a particular need they usually operate only in the locality in which they are formed: only a few operate on a county, regional or national basis. However, they are grouped under a central organisation, known as the National Federation of Housing Societies. The Federation was formed in 1953 to assist in the formation of new housing societies to help them in preparing schemes, to give details on the financial facilities available to housing societies under the Housing acts, to advise on the management and administration of societies and their properties, and to maintain close liaison with the Ministries concerned in England, and the Department of Health for Scotland.

#### Importance of Housing Associations

At the end of 1960 there were 650 members of the National Federation. They were classified as follows:

Old People	222
Industrial	84
Self-Build	121
General (including about 20 Co-operative)	<u>223</u>
	<u>650</u>

Housing associations are responsible for only a small percentage of the total house construction. Between 1945 and the end of April 1961 they provided 46,584 dwellings in Great Britain, or 1.2% of all permanent dwellings completed this period.

#### Finance

Housing associations normally obtain loans of up to 90% of the total cost of their building schemes from local authority usually charging a rate of interest 1/4% in excess of that at which it itself borrows either from the

open market or the Public Works Loan Board. (Sometimes mortgage loans are obtained from building societies but in such cases the repayment period is normally restricted to 30 years). The balance of 10% is contributed by members and others taking up share capital or loan stock of the associations. Subject to the approval of the Ministry of Housing and Local Government, housing associations which have concluded agreements with local authorities regarding types of houses, rents and choice of tenants are also eligible for the same exchequer housing subsidies as the local authorities themselves. Under the 1961 Housing Act, Exchequer loans, up to a maximum of £ 25 m., are to be made to approved housing associations at the same rate of interest as is charged by the Public Works Loan Board. Houses so financed must be let at economic rents.

#### Co-operative permanent building society

Building societies trace their origin back to the end of the eighteenth century. The first societies actually built houses for their members but by the time the Co-operative Permanent Building Society (abbreviated C. P. B. S.) was formed in 1884 they had become purely financial institutions. From the outset the C. P. B. S. operated as a mutual-aid society with the two-fold purpose of making loans to people who wished to buy their homes and raising funds for such loans by looking after other people's savings.

When the Society was established one of the principal objects was to serve the co-operative movement, then in a phase of rapid expansion which was soon to cover the whole of the British Isles. The aim was to create a medium of safe investment for the funds of retail co-operative societies and their members and to grant advances to societies to enable them to buy or build their premises, and to members for house purchase. The Society thus came into existence as a natural and logical extension of co-operative movement. Nevertheless a close and friendly association has been retained and since 1945 the Board of Directors has included four appointed members representing co-operative interests. The Society is an affiliated member of the Co-operative Union and has considerable sums deposited with it by co-operative retail societies. Moreover, many representatives from these societies continue to act as agents in the introduction of business from their members.

The growth of the Society may be divided into three stages:

First --from its formation to 1919. This was a period in which the vast majority of families rented their houses, and the number of home-owners was comparatively small. Nevertheless, the Society found useful work to do with the limited funds at its disposal.

Second from 1919 to 1939. The inter-war period brought a large scale development to home-ownership. The Society was one of the leaders of this general movement, and by 1939 its assets totalled £ 31,000,000.

It had opened twenty-five branch offices, established a network of agents and had over 150,000 investing and borrowing members on its register.

Third - 1939 onwards. The period from 1939 to 1945 was one of marking time; that from 1945 onwards one of rapid development. When the business of lending was resumed on a large scale after the War, house price and values were some three times higher than in 1939. This was due partly to the housing shortage, partly to the fall in the value of the pound. As a result the demand for mortgage accommodation rose to record levels and the building society movement embarked on a further period of expansion. Recent years have witnessed a high demand for loans and an ever-increasing lending programme, necessitating, therefore, continual efforts to expand the number of investing members and the amounts invested by them with the Society. The success of these efforts can be judged by the fact that the Society's total assets reached the £ 100,000,000 mark in September 1954, passed the £ 200,000,000 milestone in October 1958 and momentarily exceed £ 245,000,000.

Today the Society is the third largest building society in the country with over 430,000 investors and 170,000 borrowing members. There are 112 full-time branches throughout the United Kingdom and over 1,000 active agents. Thus in the space of only three generations the Society has grown into an organisation of national size and importance.

Building societies have long had statutory recognition, their activities being regulated by various statutes, now known collectively as the Building Societies Acts 1874 - 1960. These Acts lay down inter alia that building societies abstain from speculative enterprise with surplus funds and from buying, selling or building property on their own account except to the extent for their administrative accommodation. Building

societies are not subject to the Industrial and Provident Societies Acts (which regulate co-operative retail societies) but they operate under the general supervision of the Chief Registrar of Friendly Societies who is also Registrar of Building Societies. The duties of this state official include the registration of the rules of societies, the examination of their accounts and the hearing of disputes. Since he also stipulates the form in which the accounts are to be published it follows that all societies submit balance sheets in similar form so that comparisons and statistical analyses of results are made simple.

Although the C.P.B.S. is not subject to the same rules and regulations and legislation as co-operative societies; it displays many co-operative characteristics. In common with co-operative organisations generally the Society is completely democratic in constitution. Ultimate control of the Society is vested in the members by virtue of their right to attend and vote at all general meetings. All borrowers and share-holders who have retained one fully paid £ 1 share throughout the year are entitled to cast their vote at such meetings. One vote per member is the rule irrespective of the size of the member's financial interest. The election of Directors is undertaken by postal ballot, the results of which are announced at the Society's Annual General Meeting. This Meeting also considers the Director's Report and Statement of Accounts and deals with any other business brought forward by members.

The Society is managed by a Board of eight elected Directors and four appointed Directors. The responsibility of implementing board policy rests with the General Manager and Secretary who is supported at Head Office by two Assistant General Managers and a team of eight controlling officers.

The Society has a network of branches and agencies covering the whole of the United Kingdom. All branches are open to the public daily and are controlled by branch managers supported by trained members of the Society's permanent staff. Branch managers have a good deal of responsibility as the Society is administered on a decentralised basis. For example they maintain the accounts of all members resident in their own area, receive new investments, pay withdrawals and have power to approve

advances on mortgage within certain limits. For administrative purposes the branches are grouped into eight geographical areas each of which is supervised by a regional manager.

The Society has a fine tradition of service to its members. All its local representatives and branch staff are happy to give the utmost possible assistance to clients in dealing with their enquiries, so that one of the chief difficulties which face all large-scale enterprise, that of keeping in personal contact with its customers, has been solved.



I T A L I A N C O - O P E R A T I V E C O N F E D E R A T I O N

and its

National Federation of Housing Co-operatives

The Italian Co-operative Confederation was formed in 1945 and was registered according to a decree of 1948 as a national association of representation, assistance, protection and auditing within the co-operative movement. Further, an act passed in 1947, encourages the setting up of national associations with a minimum of 1.000 members.

In 1954, the National Federation of Housing Co-operative was formed in accordance with the statutes of the Confederation which anticipated the formation of national federations assembling all co-operatives according to their aims and field of activities.

The origin of the co-operative housing movement, however, dates from the last half of the nineteenth century. More specifically, the movement began during the last twenty-five years and if one considers the first co-operative houses erected in Lombardia and in Milano with surroundings, the initiators were mainly workers.

There were, however, at that time neither laws or provision nor any examples to follow with regard to the activities of co-operative housing societies and the first endeavours and buildings were the passionate work of pioneers. From certain points of view one could say that the first achievements paved the way and then made up the norm for the future.

The special laws for co-operative housing came later, and were particularly the work of Mr. Luigi Luzatti. One of the first laws in Italy on co-operative housing societies was enacted in 1907 and 1908. In 1900 there existed 30 housing co-operatives and by 1910 they numbered 79. Following the First World War the conditions were appropriate for the development of co-operative housing. A rapid increase took place and in 1934, according to statistics of the National Co-operative Federation, there existed 1.239 housing co-operatives formed and administered without public support and subsidies. These societies had built houses for about a million and a half lire (value of that time) and it is estimated there existed about an equal number of co-operatives receiving State subsidies.

The Co-operative Housing Federation operates on a nationwide basis in the



different regions and provinces of the Italian Republic. The district co-operative organisations are regional organs of the Federation, working within corresponding districts of the Italian Co-operative Confederation. Within the regional organs of the Confederation sections are set up, or, at least, there is provision for grouping of different types of co-operatives in federations.

To perform its tasks The Federation is running a national office with a staff that the Confederation puts at its disposition.

The Federation carries out its activities through following bodies:

- a) the General Assembly of the Federation
- b) the Executive Council
- c) the National Secretary
- d) the Auditing Committee
- e) the Commission of Trustees

The Executive Council is the executive body of the Federation and is elected by the General Assembly and comprises a minimum of seven and maximum of eleven members. One of these is nominated by the Italian Co-operative Confederation, and the others are elected by the General Assembly amongst the directors and the members of the affiliated organisations. The members of the Executive Council serve for a term of two years and can be re-elected.

The Executive Council, called C.C.I., can also co-opt members, elected by other associations with an activity similar to or supplementary to the housing co-operatives. Such members act as advisers and on the condition that a seat on their administrative councils or executives of their respective societies is recognized.

The National Secretary, at the same time acting as the President of the Federation, is elected by the Executive Council. He represents the Federation from the legal point of view and executes the decisions of its Council.

The management of certain questions, however, can be transferred to technical consultants or experts by the Executive Council together.

The functions of the Auditing Commission of the Federation are the same as those of the officials of the local societies. The tasks of the trustees are closely related to legal guidance, involving the settling of disputes

that might arise between the members and between a member and the Federation.

The functions of the auditors and the trustees are finally approved by the Auditing Commission and the Trustee Commission of the Italian Co-operative Confederation respectively.

In order to be eligible for membership of the Federation the societies and co-operative associations should belong to an activity in the housing business based upon the principles of co-operation. Also, societies and co-operative associations (members of the Italian Co-operative Confederation) are considered to have the right to be affiliated. Further, societies and organisations with non-profit aims and activities similar to those of the co-operative housing societies, can enter the Federation.

Membership of the Federation can be granted directly to a society after a decision of the competent body of the Federation but in such a case the statutes of the applicant must be sent to the C.C.I., whose consent to admission must also be obtained.

The affiliated societies are entitled to the assistance of the Federation on co-ordinating and organisational questions, in legal matters, in tax and financial questions etc. Such assistance is given in negotiations with private organisations and particularly in negotiating with the State bodies and local authorities.

The member-societies participate through their elected representatives at the assemblies of the Federation, where, among other things, the election of the Federation's officials takes place.

The co-operative societies make contributions to the Federation, fixed by its governing bodies and especially by the General Assembly.

The National Federation executes within its competence the general directives of the Italian Co-operative Confederation. Through its support it aims at accomplishing a collaboration of the activities of the affiliated societies and nominates candidates of these to the C.C.I., the governing body of the Federation.

It arranges and manages the organised assistance; economical, legal and on tax-questions as well as financial ones, asked by the affiliated societies.

The Federation furthers the establishing of co-operatives, also local ones, within the housing section, and keeps order within the affiliated societies, with regard to their special aims.

The promotion and co-ordination of collaboration with other organisations within housing and with other co-operative enterprises is also the task of the Federation. In addition it promotes the development and influence of co-operative housing and its expansion within housing construction in general.

The responsibility for advertising, the defence of the co-operative housing organisations and the development of other functions and tasks confided by the C.C.I. in the interest of the co-operation rests with the Federation.

With regard to the regional organisational work the Federation makes use of the organisation and the equipment of the provincial "all-co-operative" union which stands, in fact, at its disposal. Sometimes assistance is given at the meetings and assemblies held by the housing co-operatives.

The Federation has relations and contact with provincial or municipal authorities to help the co-operatives attain their purposes and create a climate suitable to the development of proper co-operative housing.

It negotiates with the State departments, officials, banks, etc., to help the co-operatives reach agreement in the various formalities such as those regarding finance and the interpretation of the Laws on housing.

Among these laws should specially be mentioned the ones regulating the so-called INA-Casa housing. Through this the co-operative housing societies have been able to obtain subsidies and loans for the construction of houses. The federation therefore informs the co-operatives on the provision of these.

Thus building societies may be entitled to a housing subsidy, up to an amount, which on the average corresponds to 4% of the building costs, calculated on the basis of the initial cost estimate. The subsidy is payable in thirty-five equal annuities and has a capitalized value of from 40 to 50% of building costs. No housing is eligible for the subsidy unless it conforms to certain requirements, e.g. floor space of all rooms must not be less than 65 square metres and not more than a total of 110 square metres for five rooms. Tax exemptions may also be granted up to nearly 30% of the present day cost of a new building.

Further, co-operatives are eligible for loans from a State Fund, provided that they have first obtained the government subsidy, loans which may reach 100% of building costs.

The Co-operative Housing Federation numbers about 1.300 members but the number of affiliated societies is constantly increasing. The housing co-operatives in Italy are still more numerous, but many of them have not yet any buildings programmes. Despite the favourable legislation, there has not been any substantial development of co-operative housing due to the lack of funds which could be put at their disposal by the State Fund and a long time elapses before building of co-operative houses can start.

In these circumstances it often happens that the housing co-operative serves as a "breeder" for owner-occupied small houses, and this is also a useful social function. It can also be mentioned that a great number of semi-detached houses are constructed in Italy which are regulated by law and are of co-operative origin. Many co-operatives are formed by special groups of civil servants etc. Housing still remains, however, a serious social problem in Italy, to the solving of which the co-operatives will be of the greatest importance.

NATIONAL ASSOCIATION OF NORWEGIAN BUILDING SOCIETIES (NBBL)

The predominant type of housing in Norway up to 1914 was the single-family or the semi-detached two-family house. It is calculated that even today nearly 90% of the population is housed in either one or the other of these two ways. Usually, only in the larger towns is this tradition broken with the appearance of modern apartment houses. The small houses are individually owned. The owner himself has usually provided the top capital, in some cases up to 40% of the total cost, either out of his own savings or by helping in the actual building work, the rest being covered by first priority loans or mortgages.

At this time financing of modern multi-flat buildings, requiring considerable top capital - also 40% of total cost - was comparatively more complicated. After the slump in housing, especially in Oslo before the First World War and during the 'twenties', housing became less of an enticement for private capital, building investments slackened and a housing shortage resulted. Local authorities attempted to remedy the shortage by building on their own or by supporting private building-projects and schemes for providing the least fortunate members of the community with flats. It was the more-well-to-do who solved their own problems by joining building societies as shareholders, subscribing the top capital themselves, thereby entering into possession of the completed flats.

Such building societies which were not run for private profit can be regarded as the forerunner of Norwegian co-operative housing. They remained however unco-ordinated. Individuals wanting to build small houses would quite simply join together to form a "building association" for the carrying out of their own single projects, upon completion of which the sole task of the association would be ended. Neither of these two fore-runner systems to modern Norwegian co-operative housing had any aim to branch out by promoting other building activity.

In the mid-'twenties it once more became profitable to invest capital in real estate. The building industry then began to make considerable profits from purely speculative building.

In 1929 a true co-operative housing organisation, OBOS, was founded in Oslo. OBOS was organised according to the same principles as the Swedish HSB. It

thus set out to provide for continuous and uninterrupted production. Shares could be bought by individuals as well as by different organisations at the cost of 25 Norwegian kronor per share. One share was equal to one vote, but additional shares did not provide additional votes.

Norwegian co-operative housing activity is now centred around this organisation, which plans and administers different building projects. The building societies themselves neither build nor own properties built. Blocks of flats are built on contract. Subsidiary societies are formally responsible for their construction, but as the parent societies take the initiative to form subsidiary societies, the actual responsibility rests with them.

OBOS is organised as follows: The subsidiary societies elect a General Assembly. In this Assembly the majority of the members are prospective tenants, who guarantee continuous building activity. The General Assembly, in its turn, elects a representative body, consisting of eleven members, plus three appointed by the municipality - thus fourteen members. The representative body in its turn elects a Managing Director who heads four departments: 1) the Technical Department, 2) the Administrative Department, 3) the Accounts Department and 4) the Small Dwellings Department. Administrative costs are covered by the fees which the parent societies charge for management of the subsidiary societies' property.

Since 1946, building societies have made great progress. As an example of the intense activity can be mentioned that one quarter of the housing projects financed by the Housing Bank are OBOS projects.

A national association, the Norwegian Building Societies' Association (BBL), was founded at a meeting in Oslo in June 1946. Representatives of 28 local co-operative housing societies from the whole country participated in the meeting. Present at the meeting also was Mr. Oskar Torp, then a member of the Government, who stated in his opening speech: "I am convinced that the State authorities will show a great interest in the creation of a housing plan which is truly democratic and free of speculative tendencies".

The National Association was constituted mainly for the purpose of forming new subsidiary societies, but, secondarily, it also offered a general information and advisory service on questions connected with co-operative

housing. A third purpose was to meet, as far as possible, the demand for assistance in technical, economic and architectural matters. During the first years these objectives were difficult to fulfil. One reason for this was the fact that in Norway climatic conditions vary considerably, which affects the lending regulations of the Housing Bank.

The new National Association eventually worked out an administrative system which divides the association into various departments, for example: administrative department, technical department, organisation department and housing management department.

#### Organisation of co-operative housing

In response to an application from the National Association in 1950, a committee was appointed by Royal decree to prepare a law to govern co-operative housing. Representatives of the National Association served on this committee, which five years later produced a report in the form of drafts for two Bills, the one to govern house building, the other to govern subsidiary societies. The committee's report had been up for discussion in the various agencies of the National Association and a formal report had been dealt with in the Housing Department. A draft of the Bill was presented to the Norwegian Parliament in 1958.

The organisational structure of the National Association is as follows:

- 1) Its Congress appoints 23 representatives and one representative is appointed by the Department.
- 2) The Representative Body appoints a Board of seven members, six of which are elected by Congress and one by the Housing Department.
- 3) 94 parent societies.
- 4) Subsidiary societies founded by and tied to parent societies.
- 5) Independent subsidiary societies.

There are thus 94 parent societies affiliated with the National Association, which consists of 900 subsidiary societies with a total of 150.000 members. Any subsidiary society in Norway may join the National Association, provided it is accepted by the Board. Membership requires the purchase of a share of 100 Norwegian kronor. Co-operative housing societies and organisations of a similar purpose, such as are not tied to the various parent societies, may also join the Association if its Board approves. Such independent societies also must purchase a share of 100 Norwegian Kronor. Other organisations and institutions are also eligible as members, the Board deciding in each case

how many shares the respective organisations are to hold. Regulations prescribe that member-societies keep the National Association informed of their activities. The National Association also has the right to inspect, audit and to request changes in accounting systems. The various associated organisations have the right to be represented in the Congress. They are eligible for the Representative Body and to the Board according to normal democratic procedures.

The main object of the National Association is to protect the interests of housing consumers and to provide information on questions concerning house-construction.

Further objects are:

- 1) to initiate the forming of new parent societies and subsidiary societies, to be admitted as members of the National Association;
- 2) to give advice and assistance on various questions to the members of local societies;
- 3) to build houses and to plan housing areas or to pursue economic activities which promote housing production;
- 4) to work for the supply of housing needs through the uninterrupted construction of houses in accordance with standards established by modern building techniques;
- 5) to try to influence the Authorities to adopt this building policy.

At times of economic difficulty authorities are tempted to cut down investments in housing. Housing co-operatives must therefore always carefully watch general economic trends and developments. They can thus contribute towards the formation of opinion in all strata of society, and to the formation of attitudes among authorities conducive to sufficient investments in housing. Thus, in theory, housing needs will always be satisfied. But the housing co-operatives can also serve both government and separate communities by contributing to the most suitable and most economical town developments.

As regards the financing of housing production, enough consideration is not paid at present to those groups which require economic aid for the solution of their housing problems. Too heavy demands are made upon private capital. Existing regulations concerning public support need reappraisal.



Child welfare institutions, parking lots and administrative buildings should self-evidently be contained in larger housing areas and they should be financed through the Housing Bank.

The National Association has been represented on numerous government committees and has, on request from the authorities, expressed many opinions on questions concerning housing policy and technical matters. Co-operation with government authorities has been extremely good. The National Association has executed a number of consultative commissions for government and private institutions. Co-operation between local societies and municipalities takes place on a broad basis and is productive. As an example, it can be cited that the community Mo in Rana, a rising industrial area, has commissioned the local housing society to arrange for water and sewage for all such dwellings in the community as are financed through the Housing Bank. For this the local society is compensated with 3% of the total interest on the earnings. Several examples of similar co-operation can be given.

The National Association co-operates with the National Co-operative Society of Norway (NKL) through its buying agency, Boligebyggelags Inkopslag, which is a member of NKL. Officials of the National Association lecture at Sandvikeskolan, the Norwegian Co-operative school. The National Association also co-operates with other organisations such as the Norwegian Railway-men's Union, and it administers a series of housing projects for the railway-men's own independent housing society.

The existence of various co-operative housing societies in most Norwegian cities and industrial areas has prevented speculation in housing. Some housing societies have contracting enterprises of their own. Concerning accumulation of building materials, however, there is only one society which has engaged in this line, the Youth Building Society in Oslo. Several housing societies work closely with rationalisation consultants in the housing sector.

#### Savings plan

The question of a special savings plan for housing has been taken up by the National Association several times in recent years. In 1955 the Department of Finance opened a conference for the purpose of encouraging increased

voluntary saving. By December 31, 1957, the National Association had built 45.000 dwellings. The co-operative share in the total number of dwellings in Norway is 4,29%. In 1954 the share in new production of affiliates of the National Association amounted to 13,1% in 1955 to 15% and in 1956 to 18,7%. Two-thirds of the dwellings are located in small multiple units. The National Association employs 45 officials. Of these thirteen are engineers and technicians, and nine are architects. The Boligbyggelags Inkopslag buying agency was founded in 1953 on the pattern of the purchase organisation of the Swedish HSB. Standardised kitchen equipment was decided upon in 1957. In the same year the National Association issued shares in the foundation of a limited liability company, the purpose of which was to build kitchen and wardrobe units.

The National Association is, as mentioned before, divided into different departments amongst which is a technical department and an architectural department. The technical department provides a large number of different standard plans. It also now has standard drawings for family dwellings for between two and six people for houses with and without basements. For each type there are catalogue drawings with extensive work descriptions. The technical department also gives advice in the choice of suitable types of houses for specific lots. It also assists housing societies which do not belong to the National Association. The service rendered by the technical department is by far superior to the service rendered by private architects. Full and continuous use has been made of the capacity of the architectural office.

In December 1957 the administrative department was responsible for the technical and economic administration of some 3.000 dwellings, with total floor space amounting to not less than 234.000 square metres. This department also undertakes minor tasks for independent housing societies which are not members of the National Association. Work within the organisational department has been very extensive and increases steadily. Municipalities turn more and more frequently to this department for advice concerning their housing problems. There has also been extensive lecturing activity. Furthermore, the organisational department has arranged district conferences all over the country and conducts courses for administrative and technical personnel. Lectures and

discussions in the main courses are aimed at studying the whole range of housing construction projects from the purchase of ground to the finished dwelling. This department also participates throughout the year in a number of conferences with the Housing Bank, the Housing Department, the Costs Department and other departments and authorities. In 1951 the National Association began to publish a periodical for its members, BBL-Information. This periodical is published ten times yearly and has a circulation of 3.300.

S W E D E N

National Association of Tenants' Savings and Building Societies (HSB)

The industrialisation of Sweden came later than that of most European countries, and the great drift of rural populations into the towns began as late as the second half of the nineteenth century. Naturally, the people most affected by the drift were the lower-income groups. Overcrowding was not so bad as it had been in some countries; nevertheless not infrequently many persons could be found sharing a flat consisting of a single room and a kitchen. In fact the lodger system even reached a point of development where beds as such were let out to "guests".

It is true that in step with the international development of social conscience certain employers did make efforts to provide housing for their staff, but these had little practical effect. Private building could not keep pace with increasing demand. During the 'seventies ideas appeared from the South. Those concerned with housing as a social and labour problem noted the attention given to it by the co-operative movements in Germany and Denmark, and their attempts to find solutions. A number of co-operative building societies were started in Sweden, aimed to build and let housing for their members. This went on for about fifteen years up to 1885, but the great difficulty was finance. Many such societies had to wind up, and some were converted into limited liability companies. By the end of the century there were only some ten such societies left, in the pure sense, throughout Sweden.

The demand for State and municipal intervention had come however quite early, leading for instance in Stockholm to the creation of a municipal housing society sponsored by the City Corporation, with objects such as the buying up of cheap sites and the provision of municipal loans on reasonable terms.

The start of consumer co-operation in Sweden and the fact that the movement had to a certain extent entered the field of housing led to legislation defining the legal status and prescribing the activities of consumer co-operatives.

The first attempt of the consumer co-operative movement in the direction of housing was during the first decade of the present century. Unfortunately the problems involved could not be settled easily. There were differences of view within the movement concerning finance, for instance concerning members' subscriptions, and for such reasons early attempts failed so that there even arose a certain amount of prejudice against the co-operative building society movement. During this period there were also certain improvements in the general housing position.

These improvements were maintained although rents gradually increased until the outbreak of the First World War, when a crisis rose. Rents suddenly rocketed, and it was at this time that Tenants' Association appeared, first of all in Stockholm. At the same time in 1916, the Stockholm Co-operative Housing Society was formed by circles socially interested in housing. This move was more vigorous and more ambitious than previous ones. Previous societies had aimed only at housing their own original members, who had joined them for the execution of and participation in particular projects. When these projects were completed and the members housed they stopped.

The new society in Stockholm set about things more broadly. It was aimed and organised to obtain enrolments continuously and to plan and undertake new projects for its enrolled members.

Members participated in the financing by lending the society money. The capital thus subscribed was placed in real estate owned by the society itself and flats were rented to the members on long term contracts. This society still exists in Stockholm now administering some 3.000 flats still with its original methods and form of organisation.

The Tenants movement spread throughout the country during and after the First World War, while the housing crisis continued, and in 1923 the various local movements got together and founded a national centre known as the National Tenants' Association. This Association not only represented its members during conflicts and conducted negotiations with owners, but also considered entering into actual house-building and administration.

In 1923 rent restrictions were abolished, and the local Tenants' Association in Stockholm took the initiative of starting Tenants' Savings and Building Societies (HSB Society) in the capital, to become the permanent parent society. What was new here was the introduction of the parent society idea in the form of a society responsible at the local level for recruitment of members, for the promotion of savings and for the building of homes to contain several families - all this on a permanent basis. The houses built would actually be owned by the filial societies - the housing co-operatives. Similar provincial developments in Gothenburg, Malmö and Västerås led next to a national federation of Tenants' Savings and Building Societies (HSB Riksförbund) in the following year, 1924.

It became the responsibility of the HSB Riksförbund to supply these local societies with technical and economic assistance, while administering also savings and financial resources and at the same time preparing building plans and projects and deciding general building policy.

The HSB movement thus contains three separate organisational bodies, a description of which is best begun with the HSB local societies (parent societies), which stand in the centre.

It is with these societies that new members first make contact. A local HSB society is a co-operative society in the true sense. Membership is acquired by the purchase of at least one share of fifty kronor by down-payment. There is also an entrance fee, at present of ten kronor, to cover administrative costs. Some societies also require an annual fee or contribution of twelve kronor, which includes membership of the local Tenants' Association. It is a condition of membership that the applicant belong to the local Tenants' Association. The local parent society is a co-operative society of the usual type, open to anyone for membership on a personal basis.

The aims of these local societies are to promote the economic interests of their members by the collection of savings, the raising of loans to facilitate acquisition of housing and sites for its members and assistance in the administration of these, and to further the production of sound housing.

The administration of savings is thus an essential part of the work of local societies - essential in the sense that top capital required for a project of a filial society is derived from members.

The individual member is invited quite simply to pay gradually into the movement's own savings fund such amount as is necessary for him to acquire possession of such property as he is offered through the society. He has to state his requirements in the way of accomodation at the time he joins the society. He is then given approximate information as to when such accomodation might be provided and roughly as to the capital he will be required to produce and as to estimated annual rent. Furthermore, should he so wish, a savings plan is drawn up for him according to his own income.

Building is the main concern of the parent society, which draws up plans according to members' needs and executes projects to the order of local societies through contractors.

When a building is completed, members, through their filial society (housing co-operatives) are responsible for its administration. In an agreement between the HSB societies and housing co-operatives it is stipulated however that accounts shall be administered by the local HSB society. The board consists of five members and three reserves. In cases where societies have created filials which borrow from the State, the municipality concerned shall appoint one member to the board of the parent society together with a reserve and an accountant, also with a reserve. The board shall also co-opt an accountant appointed by the HSB-Riksförbund.

In accordance with usual democratic practice the Annual Meeting of the HSB society has also to make decisions upon current activities as well as affecting future activities.

In cases of large memberships, such as in Stockholm, where for practical reasons it is impossible to call all members to Annual Meetings, a representative system has been introduced. Members of the board of representatives are appointed by the filial society together with representatives of that group of members which has not yet joined a housing

co-operative. Such a board of representatives has the same duties as an Annual General Meeting.

There can also be appointed a general purposes committee in the form of a board of trustees consisting of at least six persons, of whom two are appointed by the local Tenants' Association: the rest consists of persons recognised locally for their interest in housing from the social point of view.

There is now a local HSB society in every town and practically all larger urban areas. At present (1959) there are 190 such societies with a total membership of about 150,000. These societies vary considerably in size but a great many of them have their own premises with a full time manager and office staff.

Local HSB societies are also very active in local authority housing. They undertake planning and projecting for the erection of rental housing to be owned by local government bodies on similar terms as for the erection of co-operative housing. They also undertake the administration and management of houses thus built. At present some hundred local and a few of the twenty-four provincial governments utilise the services of the HSB movement.

Housing co-operatives are filials of the HSB societies, founded for the purpose of executing HSB society projects.

Their objects are to build houses through HSB societies, to administer them and to provide members with houses on a permanent lease. Membership of housing co-operatives consist at this initial stage of members of the board of the HSB society and their reserves. It is when buildings are completed and occupied and when the society's mortgage has finally been placed and all economic plans have been drawn up that residents are admitted as members of the housing co-operatives. They elect their own boards with the exception of one member who is appointed by the local HSB society, to assume responsibility for the administration of the now jointly owned property. Members of the housing co-operative must also maintain membership in the local HSB Society.



A housing co-operative is a co-operative society, subject however to certain regulations beyond those normally applying to co-operative enterprises. These regulations are embodied in an Act introduced in 1930. They differ mainly from those of the general co-operative law in that the number of members is limited to the number of housing units owned by the housing co-operative. The regulations also introduce provisions concerning the rules and the economic plans of societies and the system of calculating the holdings of the individual member when he wants to leave the co-operative etc. It also defines members' general obligations and benefits within the society and terms of "occupancy right".

Peculiar to the occupancy right a form of permanent tenancy agreement is that it has no expiry limit. Moreover it provides the tenant with certain economic rights. He may thus at any time sell his flat to anyone he likes, recovering thereby both his initial capital outlay, usually about 5-10% of the cost of production of his unit, according to the economic plans of the housing co-operative, and his mortgage repayments. These rights pass to his heirs at his death, together with the tenancy agreement containing them.

The third and top level of the HSB is the National Association, which unlike both other levels accepts as members only legally constituted bodies, i.e. the local Societies, now numbering 190. This is the policy-making body and the "voice" of the movement in the propagation of housing co-operative ideas as well as the defender of HSB common interests. It offers also a general service to its affiliated local societies in the planning, designing and estimating of new projects and also assists in negotiations with private contractors. It further advises members on legal questions and on the management of the housing co-operatives properties and the administration of local societies. The National Association is also the central organ of the members' saving funds run by the local societies and assists in arranging the financial problems of all new construction. An important part of its work consists of the auditing of the local societies and of the 1.800 filial societies.

A special body has been set up for this purpose. As a result of central auditing and checking within the movement, and thanks to its own solid

parity, there have never been any irregularities during its activity which has now continued for more than thirty-five years.

The top governing body of the National Association is its triennial Congress, comprising 300 delegates from affiliated societies. Each local society is entitled to one delegate with additional delegates in proportion to its size. The Congress has the same function as the Annual General Meeting of any co-operative society. During intervals between Congresses these functions are referred to a General Council elected by the Congress and comprising 25 members. Alterations or amendments to the rules are however prerogatives of the Congress. The General Council adopts on its own the report of activity and financial statement of the Board of Directors.

The Board or Executive is elected by the General Council and consists of seven members, none of whom but the Director can be a full-time official of the Association. It meets regularly once a month and is, together with the Director-General, responsible for the daily business of the Association. It is at the same time the Board of the limited company which manages the industries and subsidiaries owned by the movement as such.

The General Council also elects the three auditors who are in charge of the auditing office of the movement.

The head office, which now employs some 500 architects, engineers and administrative personnel, is organised in six different departments; organisational, financial and bookkeeping, technical, building, building material sales and industrial management department. Some of the activities of these departments will be described later.

#### Industrial Activity

For the same reasons as for the supply of materials, HSB has also acquired its own factories for building joinery, refrigerators, marble fittings, etc. HSB has also a pre-fabricated house factory.

### Educational Activities

Since the very beginning of the movement the HSB has published a periodical which is supplied to all members in their capacities as consumers and members of the HSB organisation. It appears ten times yearly.

For more specialised readers and purposes, concerning housing, planning, building and administration, HSB has published since the beginning of the 1950's a special journal appearing six times yearly. It is addressed mainly to the trade, and inside the movement itself it reaches board officials.

The movement has published a large number of technical and economic reports resulting from investigations. Reports of more general interest appear in a special series.

Brochures of different kinds on such subjects as the best way of running flats have appeared in many editions.

The information service also produces films and film-strips and supplies lecturers to explain the building problem and the co-operative approach to it. Their activities have contributed very notably to the evolution of the opinion and active public participation which have been necessary to the physical growth of co-operative housing and of housing itself.

Housing exhibitions are another HSB activity, and concentration here is on domestic furniture, methods etc. in well-planned and adequately spacious flats and houses.

Education begins at home, and for some twenty years HSB has given special attention to the education and training of its own staff. Things started on a small scale but developed into a regular system for the training of administrative personnel. This system was built out to include the training of general and bookkeeping staff, chief officials of local societies, administrative staff of housing estates, and caretakers. Members of boards of housing co-operatives through local courses learn housing law and the economics and administration of their societies. Tenants also study problems of administration at study circles organised by HSB.

Among handbooks in circulation among members of boards and officials of the societies is one dealing with questions concerning new buildings and another on housing administration.

HSB has also two correspondence courses for members of housing co-operatives - the one on the HSB movement, its organisation and its methods, and the other one the activities of the housing co-operatives themselves.

#### Research

HSB has done pioneer work in the building of practical and healthy housing in healthy conditions. From its very inception it has placed accent upon proper use of light and air and upon choice of sites among green surroundings with suitable playgrounds for children and satisfactory public service arrangements.

HSB was the first to introduce bathrooms as a norm, in face of considerable opposition from authorities and from public opinion. Dust tubes within walls for the disposal of garbage are an HSB innovation now accepted as a general standard. HSB has also pioneered modern kitchen equipment as well as the building-in of refrigerators and laundry rooms.

#### Co-operation with Authorities and other Organisations

There is no top organisation to the Swedish co-operative movement. There is no definite organisation for co-ordinating different forms of co-operative activity. Questions of co-operation nevertheless arise, mainly with the Swedish Co-operative Union (Kooperativa Förbundet - KF). In the practical sense this concerns supply of building materials.

For example, a large part of the sanitary fittings come from KF factories. Materials of different kinds are bought from industries jointly controlled by HSB and KF. HSB houses are insured with the co-operative insurance concern (Folksam) and HSB is represented on its governing bodies. Folksam also accepts mortgages on HSB houses.

Contacts with government and municipal authorities are maintained for the carrying out of building according to orders and by-laws. Wherever governments and municipalities have granted loans for HSB buildings they have certain rights to examine the borrower's economic circumstances. Further

the National Association is always given the opportunity to express itself either verbally in negotiations or to make formal statements defining its points of view and policy on matters on which legislation is contemplated.

S V E N S K A   R I K S B Y G G E N

(The Swedish National Building Company)

Constitution and working norms

"Svenska Riksbyggen" was constituted as an economic union at the end of 1940 and commenced its operations in 1941. At the outset its main interests were centred in the building trade federation and in the local unions belonging to this organisation. Started during a period of acute unemployment in the Second World War, the aim of the Company was, according to its adopted statutes, to create work for the building workers by the planning and building of non-speculative housing which was to be owned co-operatively in the form of tenants' associations.

The company was to supply the tenants' associations with the architects' and engineers' drawings necessary for the building. Further, "Riksbyggen" was to help the tenants' associations in loan and finance questions and with other problems allied to the building.

It soon became obvious, however, that it was essential to have a better check on the break-down of building costs into different factors than that which it had been previously possible to obtain. For this reason production companies were started in a number of different places with the object of carrying out work on buildings planned by "Riksbyggen". Thus, in conjunction with "Svenska Riksbyggen" twelve separate production companies were started, each with its activity concentrated on a different town so that the whole country was covered.

To ensure the co-ordination of activity the first company to be started (on shares from "Riksbyggen" and the production companies) was "Byggfackens Produktionsaktiebolag" - The Building Trade Production Company Ltd. - the main function of which was to take care of joint purchasing of essential goods and otherwise to help the production companies with various tasks of a joint nature. The company has a turnover of purchased goods amounting to approximately 35 Sw.Kr. per year.

"Byggfackens Centralaktiebolag" - The Building Trade Central Company Ltd. - which is completely owned by the building trade federation, functions as a financing company for the combined movement. The company borrows

money from trade federations, trade unions, tenants' associations and common financial institutions and also lends money to the various branches of the movement. The activities of the company are wide-spread and of importance to the whole movement.

"Riksbyggen" further co-operates with important companies within the material industry:

"Träindustriaktiebolaget Värmbol" - The Industrial Wood Company Ltd. is completely owned by "Centralbolaget" and is a modern wood-working factory concentrating solely on the production of kitchen equipment and windows made to "Riksbyggen's" standards. Production - approx. 2.000 windows and equipment for 3.500 kitchens per year.

"Stenindustriaktiebolaget Värmbol" - The Industrial Stone Company Ltd, - is mainly concerned with marble dressing. Manufactures window-sills, stairs, door surrounds and other items required by the "Riksbyggen" activity.

"Värme-och Sanitetsaktiebolaget Svesab" - The Heating & Sanitation Company Ltd. - maintains a comprehensive installation activity mainly for "Riksbyggen" but also puts up tenders for work on the open market. The company, which is completely owned by "Centralbolaget", has worked itself into a position as one of the three biggest in the country.

"AB Färgmaterial" - The Paint & Colour Company Ltd. - has shops in Stockholm, Upsala, Gothenburg and Skellefteå. This company runs shops selling paint and supplies the production companies with oil, wallpaper and other items. "AB Färghandel" is also owned by "Centralbolaget".

"Riksbyggen" works in conjunction with all of the companies named above though each one works as a legally independent unit. The total number of employees in "Svenska Riksbyggen", including those employed in the above companies, amounts to nearly 8.000.

The 1958 congress saw an alteration in the principle of "Riksbyggen's" statutes concerning the aims of the movement. Earlier regulations limiting membership to the building trade were withdrawn and the congress determined that membership was open to LO (The Swedish Confederation of Trade Unions), to federations connected with LO, to tenants' associations

and to other peoples' organisations. This meant that "Riksbyggen" became a company with strong ties in the Swedish trade union movement and one with shareholders which comprised both producers - the building workers - and consumers - the tenants.

The company functions on a co-operative basis, the highest authority being the congress which meets every third year. Between congresses the highest authority is vested in an elected delegation of twentyfour members.

The basic organisation is made up of local unions of "Riksbyggen" formed in the various areas. To these are joined the local trade unions, central trade organisations and other peoples' organisations.

The main task of these local unions is first of all to take care of "Riksbyggen's" interests in the area and to work for a sound non-speculative housing production. The choice of delegates to the committees of the various tenants' associations for the building period is made within the local unions. The local unions must also follow and influence planning and building.

For the rational exploitation of modern overseeing methods "Riksbyggen" have set up over thirty overseeing offices with the necessary staff for organisation, overseeing and building control. These personnel are employed by "Svenska Riksbyggen" direct. In addition to the architectural office in Stockholm special architects' offices have been set up in Gothenburg and Malmö. At the end of the year as many as 350 people were directly employed in "Riksbyggen's" service.

During the last 20 years "Riksbyggen" has been responsible for the planning of as much as 70.000 flats to a value of 2.360 million Sw. Kronor. Of these flats 49.378 were for letting on a tenancy basis and 20.000 as letting flats for communal housing companies.

In order to be able to take advantage of constitutional regulations governing the 100% advances available for companies of public utility, "Riksbyggen" formed mutual companies with some twenty towns and built-up areas. This form of co-operation has proved both advantageous and rational, primarily because it has been possible to make use of "Riksbyggen's" existing



overseeing system for this activity. By virtue of having named norms for co-operation "Riksbyggen" has the chance to plan and build both tenancy and letting flats so that production can be adjusted the conditions prevailing in each area.

CO - OPERATIVE HOUSING IN SWITZERLAND

The Swiss Housing Association

(Der Schweizerische Verband für Wohnungswesen)

We will find the first incipiences to a building of public utility in the form of building associations in the last decades of the past century. At the beginning of the new one the efforts not least thanks to the interest from the consumers' associations' side - accept forms according to the goals and organisations of to-day. The real start of the building association system did the railway-workmen-building associations bring, founded at different places before the first world war. These had thanks to the understanding that had met them - up to to-day - from the Swiss "Bundesbahn", a more solid financial background while the earlier foundations had to suffer a lack of money means, which often lead to the ceasing of their activities.

Following the lack of housing after the First World War the Federal Government, the cantons and the municipalities subsidized housing considerably. This help extended from 1919 until 1924, when federal support was withdrawn. The other authorities, however, continued to support new construction of housing in different ways.

The difficulties on the housing market that arose during World War II brought about renewed federal government support for the improvement of housing during the period 1945 and 1948. The subsidies were usually more favourable for co-operative housing than for private and again greatly stimulated the former type of housing. Thus by the end of 1948 there were 928 co-operative housing societies in Switzerland and out of the total production of some 19.000 units built in 1950 no less than 24 % or 4,760 werw built by co-operatives. Another 4.000 units were built by other forms of voluntary association thus bringing the total construction of non-profit-making housing to some 45 % of the toal production. In 1949 the percentage of subsidized housing rose to 60 %.

The improved housing situation brought about a change in the housing policy in 1950 and the act on federal government support for housing was repealed. But in 1958 the Federal Parliament again decided to sup-

port housing. Thus, during the next four years, ten thousand dwellings were to be built and for which a rate of interest subsidy would be made available from governmental resources - subject to the cantons and municipalities contributing twice the amount. In all, however, the subsidies were not to exceed two per cent of the total cost of building. Owing to the shortage of capital on the mortgage market the banks of the cantons should give preference on mortgages to an amount of 120 million Francs for this housing.

Other forms of additional public aids for housing are available but differ from canton to canton and from city to city. In the main the forms of assistance are the following:

- a) grants in the form of cash towards the cost of building,
- b) loans and mortgages with a reduced rate of interest or none at all,
- c) subsidies to cover the cost of mortgage interests,
- d) ceding of building land at moderate current prices,
- e) stamp duties etc, to be borne by the municipality,
- f) tax reductions, which, however, are only granted in one canton,
- g) handing over of building-land to building-rights.

In 1957 about 10 % of all new housing, including some private housing received subsidies in one or another of these forms.

The support of housing from public funds is usually given subject to compliance various conditions such as the letting of accomodation to families with low incomes or with many children; the need to obtain the permission of the authorities before selling the accommodation and the subjection of rents to control. In many cases the local authorities claim the right to audit the annual accounts and supervise the conduct of business of the co-operatives. Municipal representation on the management board of the co-operative is also common.

An important role in facilitating the activities of co-operative housing societies is the support given from the Consumers Co-operative Movement and the central co-operative bank. The production co-operatives engaged in construction are also commonly used by the housing co-operatives.

Even if the statutes of the housing co-operatives vary, all include the general rule that membership is open both to individuals and to

corporate bodies such as municipalities and consumers' co-operative societies. Most rules embody declarations of the society's political and religious neutrality and uphold the objectives of supporting all endeavours to improve living conditions and to promote a planned land and settlement policy. There exist, however, a set of model rules for the guidance of housing and building co-operatives formulated by the Swiss Housing Association.

This Association "Schweizerischer Verband für Wohnungswesen" was formed in 1919 and includes the majority of the housing co-operatives. In the beginning the members were mainly authorities' members of governing bodies of these, and architects.

The objects of the Association are the improvement of the hygienic, social, technical, financial and cultural aspects of housing. Its special feature is the promotion of co-operative housing and building. It represents the interests of the building and housing co-operatives and their members (tenants) in confronting all kinds of authorities and the public.

The Association further administers a fund out of which loans are given to the co-operatives during the period of their building operations devoted to construction.

Owing to the fact that the laws, building regulations and housing policy differs from canton to canton and city to city, the structure of the Association is federalistic and it has eight regional sections of Zurich, Bern, Basel, Romande, Central Switzerland, Winterthur, St. Gallen and Schaffhausen and five directly associated housing co-operatives.

The prerequisites for obtaining membership of a section of the Association are the following:

- 1) open membership,
- 2) dwellings to be let at cost price,
- 3) no profit to be made on houses sold,
- 4) dwellings to be let only to members of the co-operative,
- 5) tenants to be protected from arbitrary termination of lease,
- 6) dwelling units to be allocated on social principles,
- 7) no financial participation by building contractors,
- 8) moderate fees to officers and officials of the society,
- 9) low interest on the shares and
- 10) no distribution of profits on liquidation of the society.

Membership is quite voluntary and the Association has no statutory control or supervision of its members. The housing co-operatives themselves audit in accordance with the law their annual balance and book-keeping.

The sections must, however, abide by the aims and objects of the Association and pay an annual fee of a quarter of a Franc per flat or house held by the member-societies. The Association has a technical commission and a consultation bureau, which the member societies can use for the preparation of their building projects. Legal assistance and advice on administrative questions is also given.

The Association issues a monthly journal called "Das Wohnen" (The Living) which has a circulation of 13.000 copies and a French edition called "Habitation".

At the moment the association is engaged in making most special efforts to support the education system. It arranges for this purpose work-meetings with addresses, discussions and inspections. At last it does not fail to find cadres everywhere in the sections, that pass on and realize the thoughts of the building association. New tasks for the association do the enormous increase of the landprices bring, the increasing lack of building-land, the information about the value and the advantages of association-building in view of the insufficiency of corresponding steps of consumers of apartments. A very preventing handi-cap there is that it fails an active material concentration of the forces, the schism between them, above everything in cantons and parishes. To raise over the disadvantages mentioned above will be one of the most important tasks in the near future. To facilitate the financing of the new task the "Hypothekar-Bürgerschaftsgenossenschaft schweizerischer Bau- und Wohngenossenschaften" was founded. It is a self-help-organisation of building associations to which also public associations-banks, and consumption-associations are invited to procure foundation capital. Till now the "Hypothekar-Bürgerschaftsgenossenschaft" could fill all responsibility demands.

In 1959 some 350 housing co-operatives were affiliated to the Association and, according to statistics, covering the period from 1931 up to 1958, these societies had erected 83.500 dwelling units. Out of these 51.000 were held by the societies while the rest, mostly single houses, were owned by the occupiers. In 1957 some 10 % of the total new production of houses was built by the co-operatives. In addition to the 350 member-societies there were 170 officials of public bodies and individuals who, wishing to support the Association, were affiliated.

The Association has a great influence on the social housing development and the Swiss housing co-operatives maintain a very high standard of external and internal architecture, site-improvement, site planning and general dwelling standard. In spite of rather limited support from the Federal government and in keen competition with private housing the Swiss co-operative housing movement has been able to grow to large proportions and will increase still further.