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Group



International Co-operative
Alliance (ICA)

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Co-operative Housing

International Co-operative Alliance

Housing Committee

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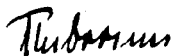
FOREWORD

It is the task of the Housing Committee of the International Co-operative Alliance to promote the development of co-operative housing in all countries, not forgetting the developing countries, in order to contribute thereby to solving the housing problem from the economic and social points of view.

This book is designed to make a contribution to the realisation of this task. It is intended to answer questions which arise if a co-operative is to be founded, if co-operative movements in different countries are to be compared or simply if the reader is interested in the aims of housing co-operatives and in how they work and function.

Documentary evidence comes mainly from Margaret Digby's paper "Co-operative Housing", published in 1978 by the Plunkett Foundation for Co-operative Studies, the first part of which has been included almost unchanged, apart from minor alterations. Mr. Bertel Fassnacht was entrusted essentially with the task of revising and editing the sections on individual countries.

The Housing Committee is grateful to all the organisations which collaborated in collating this documentary evidence, in particular to the Gesamtverband gemeinnütziger Wohnungsunternehmen e.V. (Head Federation of Non-profit Housing Enterprises, Federal Republic of Germany), who contributed greatly to the success of this work by providing staff and financial support.



Chairman, ICA Housing Committee

CO-OPERATIVE HOUSING - AN OVERVIEW

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CO-OPERATIVE HOUSING - AN OVERVIEW

CHAPTER I

HOUSING PROBLEMS AND CO-OPERATIVE SOLUTIONS

1. INTRODUCTION

The purpose of this book is practical. It is intended to be read in the first place by people who want somewhere to live. They may not be able to build a house for themselves nor find a house or flat built privately or by a local or national government which fully meets their needs. Such people may have already wondered whether there is not some alternative accommodation, less costly and perhaps less isolated than a privately built house, less impersonal and perhaps less regulated in its use than one provided by a public authority. They may have heard of co-operative housing or they may already be members of co-operatives formed for other purposes.

Unless such enquirers live in some country like Sweden or Norway, which have specialised in co-operative housing for many years, they may find it difficult to get in touch with any organisation which will be able to answer all the questions they would wish to ask. They will find it still more difficult to get the answers from a single book. Descriptions of all the more successful housing co-operatives have indeed been published, but such descriptions are concerned as a rule with a single country or a group of countries. They naturally ignore problems not to be found in these countries and do not as a rule suggest a choice of solutions even if the problems are common to many countries.

This handbook is intended to answer as many as possible of the questions which those who are interested in housing co-operatives are likely to ask. The answers are based on recorded experience in more than 30 countries all over the world, from Finland to Australia and from Canada to Hong Kong. Since co-operation is in any case a group activity, the book might well be used as a textbook for group study as well as a source of private reference.

Although the handbook is mainly intended for those who want houses in which to live, it may also be of interest to workers in the building trade who may be thinking of setting up a co-operative building enterprise either by direct action or through their trade unions.

2. DEFINITIONS

It may be well to begin with some definitions. A co-operative has been defined as a legally incorporated group of people, generally of limited means, pursuing an economic purpose, in which membership is voluntary and control is democratic. Members make an approximately equal contribution to the capital required, and any profit is distributed among them in proportion to the business they have done with the co-operative.

A housing co-operative fulfils these conditions:

- (a) It is incorporated, that is to say, it is a legally recognised body with power to do all those things which could be done by an individual carrying on his own business.
- (b) It is democratically controlled, each member having one vote, no matter what the number of shares.
- (c) Members make an approximately equal contribution to capital, on which they receive a fixed rate of interest.

- (d) Profits are not distributed as with most co-operatives in proportion to members' business with the co-operative, but, in some countries, as a limited return on capital and, if they occur beyond that, used for the general good of the membership.
- (e) Membership is voluntary and members may retire if the organisation ceases to meet their needs.
- (f) The organisation has a social purpose - principally the provision of good housing at low cost - and is not an undertaking aiming at maximum profits. Neither is it a government institution.

Voluntary and spontaneous formation, group responsibility, equality of rights and duties, common ownership, permanent or temporary, and common services are the marks of the housing co-operative. This name (or its translation in other languages) is the one most commonly used throughout the world. It has therefore been used in this book, although other terms, such as the Indian "co-partnership tenancy co-operative" or the Australian "community housing scheme" may also be found.

The handbook is not concerned with public housing, national or municipal, nor with housing provided by large firms for their own employees, unless these are owned and managed by the employees themselves, nor with philanthropic schemes designed for slum clearance, the rehousing of refugees, the aged, students or other special groups. In many cases, trade unions and religious organisations have set up non-profit housing enterprises, often sizable and efficiently-run business organisations. Some of these undertakings are run by housing associations with a membership of philanthropic persons or institutions, but they do not usually provide for the democratic control by the occupiers of the houses which would make them

into genuine co-operatives in the sense understood in this book. In a number of countries housing co-operatives and other types of non-profit housing enterprises are affiliated with the same regional and national federations working for the same objectives, a fact which has influenced their development as well as housing policies in their countries.

A word must be said about what in the English-speaking countries are known as Building Societies. The name, though long established, is in some ways misleading, since these organisations do not, in fact, build houses. They accumulate funds from the shares and deposits of members, and lend them out to members and others who want to buy or build a house. They are frequently registered under the same law as co-operatives and they may indeed be genuinely democratic in their methods of internal control, but their members are on the whole depositors rather than house-seekers, and their objects and methods of operating are quite different from those of a housing co-operative. A detailed study of their activities, valuable as these are, would not contribute to the main purpose of a book which is intended to help people to plan and carry out their own projects for the co-operative construction and management of houses.

3. THE GROWTH OF A HOUSING PROBLEM

In primitive societies, and to this day in many farming communities, people build their own houses from local materials. They may receive help from neighbours or relations, so that a kind of temporary co-operative is set up, only to dissolve when a house is complete. As building methods become more elaborate, the skilled craftsmen, the mason, bricklayer, carpenter, tiler, plumber and glazier emerge, and are employed by the owner to carry out the parts of the work which he cannot accomplish himself. It was only in quite recent history

that the speculative builder made his appearance, putting up houses, terraces or blocks of flats at his own expense, and selling them or letting them to the public for his own profit. He flourished alone for perhaps a century, during which the quantity, quality and location of new housing was settled by the economic laws of supply and demand. The low standard of housing, especially for workers in the rapidly growing industrial towns of Europe, which this system produced, led to public concern, which now dates back over a hundred years. During that period philanthropists, far-sighted employers, whether philanthropic or not, local and national governments, have all contributed to the stock of houses available to people of moderate means. Such houses were usually built on some kind of plan, but at the same time all housing was brought increasingly under some form of public control in such matters as location, standards, services and the costs and conditions on which it should be made available to the occupier.

Co-operative housing began in Denmark as early as 1850. Other European countries (France, Germany, Austria and Sweden) followed in the next decades. These early co-operatives were all private ventures, initiated by people whose consciences had been shocked at the human misery and degradation brought about by unchecked commercial speculation in housing. The realisation that cities could all too easily become needlessly unhealthy, depressing and destructive of human values led, at the beginning of the century, to the garden city movement and thence to other forms of town planning.

In developing countries, where industrialisation was only beginning and large towns were the exception, governments and other large employers often built special housing for civil servants, railwaymen, miners, workers on tea or rubber estates. Such housing was adequate by the standards of its day, though where intended for manual labourers, it did not always allow for the rising standards of the future.

The two world wars substantially increased the need for new housing in many countries. Many houses were actually destroyed or made uninhabitable by enemy action. In most belligerent and even some neutral countries, all house building and all but the most essential house repairs were suspended. The result was an actual diminution and deterioration of the world's stock of housing. Government house building and government subsidies to co-operatives and other non-profit-making housing organisations did much to improve matters. The equally well-intentioned measure of "rent control", first instituted between the wars, though it was welcomed by tenants, had the effect of discouraging private building and even the repair of buildings already let to tenants.

Since the end of the Second World War other factors have contributed to the shortage of houses. Of these the most important have been population growth and migration. The two wars, and especially the second, resulted in the displacement of large numbers of persons, either refugees or those expelled from their former homes, for whom new housing in a new place has had to be provided. This has happened in many European countries, in Israel and Jordan, India, Pakistan, Hong Kong and elsewhere.

Even where there has been no migration, population has increased more rapidly than had been anticipated, both in economically developed countries, where it had been expected to become stable, and in continents such as Asia and Africa where it had been kept in check by natural hazards. For some time past, improved nutrition and health services have reduced the number of deaths in childhood and extended the average span of life in all these countries, with the result that population has increased with startling rapidity. Now the rate of increase has once more declined but whether this will be a lasting trend, no-one knows, nor how far it will influence co-operative housing.

Most of this increased population has found its way into the towns of developing and developed countries alike. This means not only that new houses have had to be built, but that housing has had to be more elaborate and permanent than would have been necessary if people had remained in the country. Public services, like water, drainage, roads, street and house lighting, have, moreover, had to be supplied at the same time as the new houses, thus adding greatly to costs.

At the same time, the increase in the average size of families in Europe and America has created a demand for larger houses or at least houses with more rooms. A change in social attitudes has meant that fewer families are ready to include in the household elderly parents or unmarried adult relations. This change, combined with the increased expectations of life, has led to special housing needs for the elderly and the single.

Lastly, the standard of living has risen throughout the world, and people are no longer prepared to accept the cramped rooms and the absence of modern domestic fittings and appliances to which their parents were perfectly accustomed.

4. CO-OPERATIVE HOUSING IN THE WORLD TODAY

Co-operative housing is especially associated with the Scandinavian countries. Sweden was one of the pioneers in large scale development. The oldest housing co-operatives were, in fact, in Denmark, and Norway can claim the most rapid post-war development, with 25% of all new housing and 50% of the new housing in the capital co-operatively built, though in all these countries the rate of increase has fallen in the last few years. In Germany it was the beginning of rapid industrialisation around 1850 which caused an acute shortage of housing for workers and brought about the concern of men like Victor Aimé Huber for self-help efforts among the working class to alleviate the situation. The

joint efforts of philanthropists and of people in need of housing led to the first establishment of the Berlin Building Society for Public Benefit in 1847-48. Germany, France and Switzerland have all used the co-operative method extensively and over many years. Poland was a pioneer in this field between the wars, and the movement was revived and expanded after the Second World War. Czechoslovakia has a notable co-operative housing programme. Most European countries can show successful examples of co-operative housing, but the method has been much less used in Britain, perhaps because of the massive development of housing by local authorities, and in the last twenty years the building of new towns as part of a national housing programme.

The United States of America has seen some highly successful developments in co-operative housing, particularly in New York, where housing co-operatives have cleared slums and rehoused large numbers of workers formerly living in conditions well below modern needs. Recently some financial and management problems have come to light but the achievement has all the same been notable. Canada has worked successfully on the housing of special groups (students, retired people) as well as on more general projects. A number of South American countries can show successful co-operative housing projects, though none on more than local scale.

A self-help housing programme aimed at a different type of consumer was launched in the 1960's, mainly for the benefit of migrant rural labour and rural labour from minority groups at a low standard of living in states such as California, Florida, Texas and Mississippi. Financial help has become available from the Farmers' Home Administration and the Office of Economic Opportunity. Technical and administrative advice is provided by the International Self Help Housing Association which provides advice, publishes manuals and helps newly formed hous-

ing groups to negotiate loans with the public authorities. It also seeks to extend the method to overseas countries where American advice is acceptable. Useful model rules and documents have been issued. So far similar schemes for urban areas have been restricted by U.S. legislation which restricts the use of funds for this purpose to people employed in agriculture.

In Asia, co-operative housing on a large scale is to be found in India and Pakistan. The expansion of Karachi into a seat of government after the establishment of Pakistan as an independent state, was to a large extent made possible by the co-operative housing enterprises of its new civil service. Malaysia and Sri Lanka (formerly Ceylon) have their housing co-operatives, and co-operation is one of the means used to relieve the acute house shortage on the over-crowded and refugee-haunted island of Hong Kong. Most of the new housing in Israel is co-operative. In Africa, co-operative housing is in a very early stage of development. Most of the pioneering has been done by the Ismaili community in Kenya and other parts of East Africa. Australia has long had flourishing building societies lending for housing purposes, but has recently coupled them with housing co-operatives which actually build houses for their members.

There are a large number of variations in the way all these housing co-operatives are carried on, most of which will be discussed in the chapters which follow. There are more important differences in the degree of support given by way of legislation, financial and other, which they may expect from their local and national governments. The main difference, however, is in their aim and relation to their members. One aspect of this is whether or not they are permanent organisations. They may decide in advance to wind up their existence as soon as their objects are achieved. One form of co-operative housing, especially popular in Asia, aims at house ownership: as soon as members pay off their debts their houses

become their absolute property. The co-operative has no need to continue in being and can wind up its affairs. This form presents special problems in terms of continuous co-operative efforts, as will be discussed in later chapters. Elsewhere, especially in Northern Europe and urban America, the co-operative is a permanent body, houses are owned collectively, not individually, and each member is both a part owner of the housing estate and a tenant of the house or flat which he actually occupies.

There are variations on both types, and more than one kind of housing co-operative may be found in many countries, but the broad distinction should be borne in mind in reading the following chapters, each of which deals with a different aspect of the life and work of a housing co-operative: how it is formed and what preliminary considerations should be taken into account before there is a decision to form it at all; the legal position; the structure and organisation of a co-operative, with the rights and duties of members and committees; finance, where it can be obtained and what it costs; the actual planning and building of a housing complex; the contribution which members may make to building their own houses; the rules for the occupation of co-operatively built houses; the participation of building workers in co-operative housing schemes. In the last chapter, something will be said about the future of co-operative housing.

The second part of the book takes the form of a gazetteer of all countries with co-operative housing projects with a description of the forms and methods adopted.

CHAPTER II

FORMING A HOUSING CO-OPERATIVE

The formation of a housing co-operative is a serious step. It is likely to affect the whole future lives of the participants and also those of their families. It will probably decide where they are going to live for the next thirty or forty years, where they will work, what schools their children will attend and what doctors and hospitals will be at their disposal. It will also decide whom they will have for neighbours. It will call for the investment over the years of considerable sums of money which might have been used in other ways, in starting a business, for instance, or in pleasures and amenities. For all these reasons, it is not a step to be taken without careful consideration. There must be discussion within each family and between all the families who are considering becoming the members of the co-operative.

Families in this case may be more important than individuals. It is, after all, the wife who spends most of her time in the house, who most frequently meets the neighbours, enjoys their company or has to tolerate their peculiarities. It is she who uses the communal facilities or regrets their absence. A wife who has not been consulted and does not like the house to which she has been brought is not likely to be a good member of a housing co-operative, nor will she encourage her husband to be one.

1. WHAT KIND OF HOUSING ?

The first point to be considered is what kind of housing is required or desired. Do people want to built houses which in the end will become their own unrestricted property, which they can

sell, mortgage, sublet, divide, rent out or even pull down and rebuild? Do they already own building sites, or does each one want to choose his own site from those available on the market? Or do they prefer to acquire a single site and plan a settlement or housing estate on which all the members will live together? The answer of course may depend not only on the wishes of the members but on the availability of land, the terms on which it can be acquired and the availability of services such as roads, drainage, water supplies and electricity.

To become the owner of an individual family house with all modern services and fittings calls for heavy initial outlay and for continuous payments spread over a number of years. Do the members wish to take on this responsibility and have they in fact the resources? Would they prefer responsibility for services and upkeep to be carried on by the group and not the individual? Would they in fact prefer to be joint owners of the co-operative housing project as a whole, but remain tenants of their own houses? Many people have a strong feeling for home ownership, but some of the most successful housing co-operatives are for house leasing, not house ownership. Both types have their advantages, which need to be considered carefully and if necessary weighed against the traditions or prejudices of the members.

Do members want to live in separate houses, in terrace houses or in flats? Sometimes, again, circumstances decide. In an overcrowded island like Hong Kong, housing for people of moderate means can only be in blocks of flats. If people want to live in the centre of a large town in order to be near their work, the price of land is likely to be so high that only tall buildings divided into numerous apartments are economically possible. In many European and North American countries, life in apartment blocks has long been acceptable, partly, no doubt, because of the problems of winter heating, to which it provides a solution. In Great Britain, life in flats is much less popular and looked upon as a second best. In most tropical countries it is disliked.

How far again, are members interested in communal services, in laundries, airing rooms, playrooms or playgrounds for children, public gardens, libraries or community halls, and do they wish them included in the housing project? Are they interested in building a new community with a social life of its own, or do they merely want a comfortable house?

2. AVAILABILITY AND CHOICE OF MEMBERSHIP

At an early stage it is necessary to find out whether enough people are likely to become members to justify a co-operative housing project. If there are too few, there will be no economies in running a joint project. The overhead charges will be too high and possible lenders will not be impressed with the security offered. Members might as well build their own houses. In all countries there is a legal minimum number of persons who can form a co-operative, and this may not have been reached. It may not be possible to purchase a site or to build access roads and lay on the necessary services, if they do not already exist. The local authority will not lay on these services for a few houses, since they will not be able to recover the expenditure through the rates in any reasonable time.

There will almost certainly be a minimum economic unit for a housing project, but it will not be the same in every country or for every type of housing. In countries with long experience of co-operative housing, all this will be known to a national housing co-operative organisation which will give advice on request. Where the co-operative system is still in the pioneering stage, advice may be more difficult to get, and it may be necessary to ensure that it is wholly disinterested. A local builder or architect might have the necessary technical knowledge, but he might have a personal interest in promoting or even in discouraging a housing project. An experienced accountant or surveyor among those who hoped to become members

would be useful, but even so it might be necessary to draw on the experience of housing co-operatives in neighbouring countries, either by correspondence or by visits.

It is important that members should be able to get on reasonably well together if they are to be close neighbours and are to be jointly responsible for running the co-operative which controls such an important part of their lives as the houses in which they live. Some housing co-operatives are from the beginning made up of people who follow the same occupation - civil servants, university professors, the employees of a single firm. This may be mainly from choice, or it may be because the employer is prepared to make a contribution. The employer may provide the building site or a subsidy or make loans, personal or collective, on easy terms, and may make repayment easy by deducting it in instalments from the members' salaries.

The bond of common employment may mean that the members of the co-operative, all with an interest in common and all earning somewhat similar incomes, will get on well together and easily build up the social relationships without which a new housing estate can be a dead and depressing place in which to live. Things may not necessarily work out in this way. People who have spent their day at one kind of job and among one set of people may not want to meet every evening and week-end with nothing to talk about but the same narrow "shop". A mixture of personal experience, training and occupation may create a much more stimulating community.

A mixture of social classes is also to be desired. In Norway the government housing authorities even insist on one or two "problem families" being included in every co-operative housing scheme, in the hope that the example of better conducted families may stimulate them to a more successful management of their own affairs.

At one time it was thought that there should be special co-operative housing for old people and for single people, widows and widowers. It has now been recognised that such people do not want to be segregated from the general community and often become miserable if they are. They are far happier if small houses or apartments can be provided for them, mingled with those designed for family units. They are not only happier themselves; it is found that they have a contribution to make to the life of the community. If the members are expected to play an active part in building their own houses, it is very desirable that they should include technicians from the building trade, perhaps a quantity surveyor, an accountant or a lawyer.

At one time it was considered necessary to restrict the membership of a housing co-operative to the members for whom accommodation could be found in a single scheme. The reasons are obvious. Members, even if they are the last to join, who had paid their shares or other contributions, only to see a housing scheme completed and houses allocated to others, would naturally feel acute disappointment amounting to a sense of injustice, and might be unwilling or unable to wait until a further group of members was assembled with the resources to resume building. But restriction of membership in a co-operative is usually regarded as a denial of one of the basic principles of co-operation. Those who are refused may lose interest in a co-operative solution. Alternatively, restriction may lead to the formation of a large number of small, financially weak co-operatives with little accumulated experience. The tendency today is not to restrict membership but to break it down into groups within a large society, each responsible for a completed housing scheme. Those who join late know that they will not be housed immediately but that a strong organisation is pressing on towards the satisfaction of their needs. The impersonal managerial approach of a large organisation is restricted to

general planning, procurement and construction, while the management of each housing unit remains personal and democratic. More will be said of this system in a later chapter. It is an advanced system which calls for experienced management and a large number of interested people.

3. ACCESS TO BUILDING LAND

No housing enterprise can even reach the planning stage unless land is available. In some countries (for example in much of Africa) this presents no great problem, for much land is unused even for agricultural or pastoral purposes. Establishing clear title to this land may not, however, be so easy, unless it is recognised as state property and a state authority is willing and able to turn it over to a housing co-operative. In Europe, on the other hand, land may be very hard to find and very expensive to buy. Most of it is in private ownership, and much is subject to local or national government restrictions as to the use to which it may be put. Certain areas may be scheduled for new housing, while others are reserved for industrial development or as "Green Belts", to be used for agriculture, forestry or recreation. Counterbalancing these limitations is the fact that national and local authorities not infrequently have powers of compulsory purchase and may be prepared to use them on behalf of a co-operative which has put up an approved scheme. Local authorities may also be ready to allow the co-operative to take up a long lease of land already in the authority's possession.

Local or occasionally national government regulations often make restrictions as to the type of housing which may be built on a particular site. There may be a maximum density of housing per acre or a minimum cost for each house or flat. There may be restrictions as to the building materials to be used. The object may be to set standards to minimise the risk of fire or conform to the general appearance of an historic city.

The local authority will also lay down strict regulations as to the type of services which must be made available. Even if the members are prepared to live the simple life, with oil lamps and wells in their gardens, the local authority may not allow them to do it, but may insist on electricity and piped water in every house. The authority may be prepared itself to provide these and other amenities. If it is not, their provision will be a heavy charge on the co-operative, the exact cost of which will have to be ascertained before any further plans are drawn up, and certainly before any contract for the purchase of land can be negotiated.

4. FINANCING A CO-OPERATIVE HOUSING PROJECT

When all this has been decided, and the scheme is at least in draft, comes the assessment of what it is going to cost and where the money is to be found; how much are the members themselves willing to contribute? Unless they can put down in cash a significant proportion of the cost of building their own house or flat, as well as of the general expenses of the scheme, there will be little chance of raising the rest of the money needed from other sources. The whole subject of co-operative housing finance will be discussed in a later chapter. Here it is only necessary to say that in many countries there are national housing banks or housing funds and that many local authorities are prepared to lend on favourable terms for co-operative housing projects. In all cases, however, the loan depends on the willingness and ability of the member to put down money of his own. Sometimes he can secure a personal loan for this purpose from a co-operative credit society, or occasionally from the firm which employs him. More often it means that he must live well within his income over a period of years and be prepared to save. Not everyone is capable of so much self-discipline.

5. SELF-HELP HOUSING

Sometimes those who become members of housing co-operatives are ready to cut costs by doing all or part of the building work themselves. In countries where co-operative housing is well established and a number of building projects are constantly in progress, it is sometimes said, perhaps correctly, that mass production and skilled labour are in the end more economical than the labour of unpaid amateurs. There may, however, be conditions in which, because co-operative housing is being pioneered or for other reasons, this is not the case. Self build schemes and the readiness and ability of members to take part in them, should then be seriously considered.

By the time all this has been talked over, perhaps for many months, a clear picture will have emerged. There will be figures for the minimum and maximum number of members ready to join, with some idea as to the numbers in their families and whether these are likely to increase or decrease in the future. There will be clear decisions on the questions of ownership or tenancy, flats or one-family houses. One or more sites will have been discovered which are acceptable to prospective members and available at a price which members are able to pay. It will have been found out whether these sites are already developed or whether the local authority is prepared to give a firm undertaking to develop them in the immediate future. It will also have been ascertained that they are not likely to be required for some public purpose such as an airport or an arterial road in a few years' time. Provisional plans and estimates will have been made and as far as possible, steps taken to find out whether they will meet with the requirements of the public authorities. It will have been discovered what will be the approximate cost and whether there is firm ground for thinking it can be met by the members, with or without help from outside sources. At this point the housing co-operative is ready for registration as a corporate body.

CHAPTER III

CO-OPERATIVE HOUSING AND THE LAW

Readers who have been concerned with other branches of co-operation - consumers' co-operatives, credit societies, co-operatives for industrial or agricultural production - will already be familiar with much that is written in this chapter. They may, if they wish, skip the next few pages, and begin to read with attention on page 31. The intervening pages are for those whose interest is in housing and who are now for the first time considering whether it may be promoted through co-operation.

1. CO-OPERATIVE LAWS

In nearly all countries housing co-operatives are registered, incorporated bodies, with power to buy, sell, own and mortgage property, borrow and lend money, sue and be sued, in the same way as a natural person. In most countries incorporation takes place under an Act of Ordinance, which also applies to co-operatives formed for other purposes. Housing co-operatives may or may not fall under a special section of this Act. General Co-operative Laws, which include housing co-operatives, exist in Great Britain, France, the Federal Republic of Germany, Austria, Sweden, Switzerland, Czechoslovakia, Poland, in most of the overseas countries of the British Commonwealth and the French Union and in most of the countries of Latin America. In the United States, Italy and one or two other countries, there are special co-operative housing laws. In Denmark and Norway there are no co-operative laws and in Finland the law has proved unsuitable for housing co-operatives, so that in that country, as well as in Norway, they are registered under company law, with rules designed to preserve the co-operative principles on which they act.

The co-operative laws of most countries have a similar basic character. They have two objectives:

- (a) to provide for the incorporation and smooth working of a business organisation
- (b) to ensure that this organisation acts on co-operative principles and is not carried on for maximum return on capital.

Some laws lay more stress on business efficiency and convenience and some on co-operative principles. Both are important.

2. CO-OPERATIVE RULES

The law requires that a new co-operative should submit a book of rules (sometimes called "by-laws") for registration. Copies of suitable model rules can usually be obtained from a national co-operative organisation, but if housing co-operatives are a new form of undertaking in the country concerned, these rules may have to be specially adapted, since they may have been designed for organisations with rather different objectives.

- (a) **OBJECTS:** The rules begin by stating the objects for which the co-operative has been formed. These may be fairly wide, but once registered they limit the activities in which it may be engaged. If, for example, a co-operative is formed "to build homes for its members", its right to build a community hall or a swimming pool might be questioned by a member who was not interested in concerts or swimming. Therefore the objects must be drawn up with care and foresight.
- (b) **REGISTERED ADDRESS:** The rules must state the address at which the offices of the co-operative will be and may restrict the area in which it can operate.

The registration of two co-operatives for the same purpose in the same area may not be permitted. This is to prevent the formation of small and weak societies with the possibility that they may compete with each other for members, financial support or building sites. "One area, one co-operative" is not an absolute rule. Two groups may have in mind quite different types of project, and there may be room for both.

- (c) MEMBERSHIP: It is usual to state who may and who may not become members of the co-operative. Members must be over a certain age (the legal minimum is usually 15). They may include both men and women. If more than one member of the same family is not accepted, this must be stated. In some cases membership may be restricted to one group of people: for example, salaried staffs of the national railways. People belonging to the same church might wish to form a housing co-operative limited to those worshipping there. But a rule to this effect would probably be turned down by the Registrar of Co-operative Societies, since in many countries it is illegal to discriminate against members on religious or political grounds.

Quite often the rules state simply that the members shall be those who take up shares or pay the entrance fee. "Open membership", as has already been noted, is a co-operative principle. In general terms, no-one should be excluded who can contribute to or benefit from the work of the co-operative. This, however, can raise a real problem when the resources or opportunities of a housing co-operative admits members freely, on the understanding that they may have to wait a long time for their houses. Sometimes the committee in fact selects the members on geographical or occupational grounds, on their social acceptability or on their apparent ability to pay for their house when built. The special circumstances may be under-

stood and no legal difficulties raised. Occasionally, as in Finland, the law is strict, and in order to keep numbers under control, the "co-operative" is in fact registered as a company.

- (d) **FINANCIAL OBLIGATIONS OF MEMBERS:** The rules lay down the financial responsibilities which members assume: entrance fees, minimum and sometimes maximum, share-holding - possibly an obligation to make regular savings deposits. Shares in housing societies are usually fairly high and members' total contribution in cash amounts to at least 5% of the total cost of the house or flat he hopes to occupy. The "subscribed" share (the value for which the member has undertaken responsibility) may not, however, necessarily be paid up at the moment he joins. He will usually pay the rest by instalments though he may be expected to pay up the whole amount at any time when the co-operative has need of the capital. The rules lay down the liability of the member to contribute in the event of loss or of failure of the co-operative. This liability is usually limited to the subscribed value of his shares, but may be a multiple - say five times - that value. In some kinds of co-operative it may be unlimited, but this would be very unusual in a housing co-operative.

The rules must state the maximum interest payable on shares. This must be kept low. It is regarded as a rent for the use of money, not as a source of profit. It may be fixed at an actual figure - say 5% - or related to the national bank rate. Provision must be made for the disposal of a member's share and other interest in the society on his death, whether or not he makes a formal will. It may also provide for the protection of his interests and those of his family should he become insane. As these interests will include the right to occupy his house or to transfer it, with or without the consent of the co-operative, either to some member of his family or to another member of

the co-operative or to one who is not yet a member, it is obvious that this part of the rules requires very careful drafting if the interests of each individual member as well as of the membership as a whole, and their successors, are to be equally safeguarded. More will be said of this later.

- (e) **MANAGEMENT AND CONTROL:** A long section of the Rules deals with the way in which the co-operative is to be managed and controlled. The law usually lays down that there shall be an annual general meeting at which each member present shall have one vote only. The general meeting, besides receiving and adopting a report of the year's work of the co-operative, is responsible for electing the committee which manages it. In some countries (Federal Republic of Germany, for instance), the general meeting elects a supervisory committee, which has a large number of members and does not meet often. This, in turn, elects a small executive committee, which meets more frequently and may consist of full-time and honorary members. The number elected to sit on co-operative committees, the method of electing a chairman, secretary, treasurer and auditor, the period (one year or more) for which committeemen and chairmen are elected, whether they all retire together or one-third each year, whether they are eligible for re-election or not, must all be laid down in the rules.

Usually there are rules governing the order of business at general and committee meetings, and the notice which must be given of the business to be discussed or resolutions to be proposed. The majority required for taking certain decisions is laid down, and whether or not the chairman has a casting vote and whether any important decision must be voted on at two successive meetings. It is made clear what minutes or other records must be kept.

- (f) **DISPOSAL OF SURPLUS:** In all co-operatives a provision must be made in the rules for the use of any "surplus" or profit which may remain in the hands of the co-operative at the end of each year's operations. In a trading co-operative (agricultural marketing, supply of consumer goods, etc.) this surplus may be considerable, and its proper use is important. It is generally laid down that part of it shall be placed to reserve and the remainder distributed to members in proportion to the business they have done with the co-operative in the course of the year. The position in a housing co-operative is rather different. It is in the first place unlikely to make a profit. Any surplus on the year's working is likely to be put to reserve, but it might be used to reduce the loans which the co-operative has incurred, or at a later stage in its development to create a building fund for the future extension of its activities. All this, however, will have to be written into the rules, if the general meeting is to have power to make any decision on the use of the surplus.
- (g) **AUDIT:** All co-operatives must have their accounts audited by an accountant with professional qualifications, and if they are to audit co-operatives, their status must be recognised by government. In some countries such men work independently. The co-operative is free to select the auditor it prefers and pays a fee for his services. In other countries auditors are employed by the government department which supervises co-operatives; in others again, audit is carried out by a union of co-operatives or sometimes by a co-operative bank. In Central European countries special auditing unions have been formed by different kinds of co-operatives, including housing co-operatives, but usually separate for each type of co-operatives. They employ their own accountants. The government supervises their activity and recognises their qualifications and audit, but does not otherwise interfere between them and the co-operatives who are their clients.

- (h) **DISPUTES:** Co-operative rules must make some provision for disputes between members or between a member and the committee. Usually they lay down procedures for the appointment of an arbitrator, whose decisions will have the force of law. The object of this is to save time and prevent the resources of the co-operative and its members being wasted on court cases. The arbitrator may be a government official concerned with co-operatives or with housing or a senior officer of some other type of co-operative.
- (i) **ALTERATIONS OF RULES - AMALGAMATION - DISSOLUTION:** Co-operatives may from time to time want to alter their rules or to amalgamate with another co-operative, to divide one co-operative into two or to dissolve it altogether, because it is losing money or its services are no longer needed. (In some types of housing co-operative this happens when all the members have completed the purchase of their houses.) All such decisions are serious, and should not be taken at poorly attended meetings or by members who have not received notice in advance of the matter to be discussed. The rules, therefore, lay down with especial strictness the procedure which must be followed before any change in the rules or status of the co-operative can take place.

In most countries today co-operatives have the power to form secondary organisations, federations, unions and wholesale purchasing organisations, of which the members are not individuals but primary co-operatives. These powers are not always referred to in the rules of primary co-operatives though it may be stated in their Objects that they have power to join with other co-operatives for the furtherance of these purposes. Once a federation is formed, it too will require its own rules, for which models may be available. They will not be the same as those

for a primary society if only because its members will not be individuals, but primary co-operatives. Procedure on the death of members need not be considered. "One man one vote" will have to be replaced by some other system which gives fair representation to large and small primary co-operatives. Objects may well be different and more complex.

3. LEGAL PRIVILEGE OF CO-OPERATIVES

In addition to laying down a general outline of the way in which a co-operative should carry on its affairs, the law confers on co-operatives certain benefits which vary somewhat from one country and one type of co-operative to another. Corporate status is itself a privilege which enables the co-operative, through its properly appointed officers, to take any action which could be taken by an individual. Limited liability is a privilege, since it gives security to the share holder and minimises the risk caused by bad management.

Supervision by a government department especially responsible for co-operative development may be of great value to inexperienced co-operatives, though mature and experienced co-operatives may be well able to conduct their own affairs and may seek greater freedom or the transfer of supervisory functions to a non-official national organisation set up by themselves.

Governments in many countries allow co-operatives certain taxation privileges. They may be exempted from stamp duty on documents, which might be important to a housing co-operative, and from import duties on certain articles which they are considered to be bringing in for purposes of national development. (Earth moving equipment or builders' high level cranes might perhaps come into this category.) They may be exempted from income tax or pay a lower level than a private business,

or only begin paying three years after the co-operative has been set up, when it may be expected to be firmly on its feet.

4. STATE FINANCIAL AID

Some governments are prepared to go further than this and actually make available loans or subsidies to co-operatives which they regard as carrying out a public service. This might be an improvement in the marketing of an agricultural crop or the provision of good housing at moderate cost. Housing co-operatives, indeed, are among those most likely to benefit from this sort of government aid. Another device is to encourage private borrowing, but subsidise the rate of interest paid or provide a guarantee for repayment.

5. GENERAL HOUSING LAWS

The fact that housing co-operatives are usually incorporated under a general co-operative law does not mean that they are not also subject to other legislation. They are of course bound by all the general legislation in force regarding contracts, the ownership of property, the employment of labour, civil and criminal injuries to others and other contingencies. They are also subject in most countries to special laws which may have been passed for the promotion of house building, especially at low cost, or for checking the building of ill-placed or substandard houses. The provision of government loans or subsidies for house building is often made under a law which does not refer exclusively to co-operative societies, but may cover other forms of low cost, non-profit housing.

- (a) STATE LOANS AND SUBSIDIES: In most countries a special institution has been set up with the object of providing government loans for housing purposes. It may be known as a

Housing Bank, a State Building Fund, a Central Mortgage and Housing Corporation or a Co-operative Housing Finance Corporation. The fact that no special institution has been set up does not mean, however, that government housing loans are not available. They may be obtained through Co-operative Banks, from National Insurance Institutes or direct from national or local authorities. In some countries a government guarantee is given instead of a government loan, and the co-operative then borrows from an ordinary bank.

Loans are in some cases supplemented by subsidies. These may take the form of general grants, reductions in the rate of interest on building loans not made by the government itself, or of a supplement to the rent paid by the member to his co-operative, where rents are regulated by law at an uneconomic level.

- (b) **ACQUISITION OF LAND AND MATERIALS:** In some countries national or more often local authorities have power to allocate building sites to housing co-operatives. Land may be given free, sold at a reduced price or let on long lease (usually 99 years). In some countries co-operatives also depend on government for the allocation of controlled building materials and may receive some preference.

- (c) **GOVERNMENT CONTROL OF HOUSING CO-OPERATIVES:** All these benefits and concessions show that governments set a high public value on the work of housing co-operatives. It is natural that they should wish to be assured that public money is in fact being used to the best advantage and that no private interests are taking advantage of what should be a public service. Housing laws usually provide for a strict and detailed public control of the operations and finance of borrowing co-operatives. This may well be

stricter and more detailed than would readily be accepted by other types of co-operative. It is justified by the large sums of public money involved and the importance of housing in national policy.

One of the aims of control is to prevent subsidised houses from being sold at a profit by the members of a co-operative. To prevent this, it may be laid down that the property of a co-operative may not be distributed, and that if houses are sold, it must be at cost price. It may also be laid down that the profits and reserves of the co-operative may in no case be distributed to members, but must be used for further house building.

In some countries builders may not be members of a housing co-operative. Elsewhere, it is merely laid down that members of a co-operative board must declare their interest, if any, in its business, and that any contract into which they enter with the co-operative must have the approval of the Minister of Housing. The Minister may also be required to approve rents. These may be related to members' income. The terms of leases, as well as changes in the rules of co-operatives, or a decision to wind them up, may also be subject to control. The Minister may appoint superintendents for housing co-operatives in some countries. A co-operative receiving loans from public funds must accept a representative from the local authority on its board of management. The local authority may, alternatively, be a shareholder in the co-operative.

6. NEED FOR LEGAL ADVICE

All this shows the close relationship between voluntary housing co-operatives and the housing policy of the state. Any group considering the formation of a housing co-operative would do well

to make a careful study of all the legislation of their country which bears either on co-operation or on housing. A lawyer in the group would be well qualified to make this study, but it may be that an existing co-operative union, not necessarily concerned with housing, already has all or most of the information available. Failing that, the housing departments of local authorities, or the Ministry of Housing might be consulted. An application for incorporation which does not fulfil legal requirements will be turned down or much delayed. Failure to explore all the sources of financial or other aid may mean that a good scheme is needlessly costly to carry through. Faulty rules may produce endless difficulties when the co-operative is in operation.

CHAPTER IV

STRUCTURE AND ORGANISATION

1. MEMBERSHIP

Membership in a housing co-operative is based on a signed application and the subscription of a share or shares, the value of which may be nominal, but as already explained, is more often related to the cost of the dwelling which the member will eventually acquire. There is generally an upper as well as a lower limit of share holding. The object of this is to prevent any one member contributing so large a part of total capital that his withdrawal could threaten its existence. Usually the limit is 20% of the total. In many cases members also pay an entrance fee and occasionally an annual subscription.

Reference has already been made to the important co-operative principle of "open" membership. This is usually taken to mean, first, that no one is refused admission on the grounds of race, religion, occupation or personal prejudice, and secondly, that membership is allowed to expand indefinitely. In most countries open membership includes the membership of more than one member of the same family, especially husband and wife, and in housing co-operatives this may be encouraged as it simplifies the problems of inheritance as well as increasing security for loans.

The degree to which a group of people entering on a co-operative housing scheme should already have something in common, and what that something ought to be, can be argued at length, and the answer may not be the same for all countries. In practice, the level of housing desired and the consequent cost tends to restrict applications for membership to people of ra-

ther the same income level. In the United States there is, in fact, an upper income limit for those joining a housing co-operative, though subsequent changes in income are ignored.

In some countries, however, membership is in fact restricted to one group, often, as in Asia or Africa, to civil servants or even to employees of a particular branch of the civil service, to an occupational group such as fishermen, or to members of particular communities or religious bodies such as the Ismailis of East Africa or the Orthodox Jews of Israel. There are countries, however, in which this would be illegal. Even in Europe there are housing co-operatives for refugees (Federal Republic of Germany), for the employees of a particular enterprise (Poland), or for the members of a trade union (the Netherlands). In the United States, however, although the first housing co-operatives were initiated by trade unions, the aim was to draw tenants from as many industries as possible, mainly in order to avoid the economic consequences of a strike.

Perhaps more important is the problem of indefinite expansion. A housing co-operative usually begins with a project for a limited number of dwellings which will take time to complete. A large membership of unsatisfied house-seekers will not make for harmony. Moreover, once the first project is completed, those who have received accommodation will tend to lose interest in further building.

In Sweden and Norway the problems of open membership, continuity and the balance of interest between housed and unhoused members has been ingeniously met by the formation of a "parent" co-operative with open membership, and a number of "daughter" co-operatives limited to members in actual occupation of a particular housing unit. The members of the daughter co-operative, however, retain their membership in the parent co-operative. As a consequence, this body can maintain a balance of interest between both groups: those who have received houses and are

learning co-operative house management, and those who are still pressing for houses to be built. The daughter co-operative often enters into a contract with the parent co-operative for the management of the housing unit, but this refers mainly to accountancy and the repayment of loans. The daughter committee retains full responsibility for seeing that the property is maintained, that members fulfil their obligations and that their welfare and wishes are consulted.

In Sweden the management contract provides instead little more than that the parent co-operative should undertake accountancy and appoint one member to the board of the daughter organisation. The latter remains a separate legal entity which fully owns the housing unit (generally a block of flats) and is responsible for management, upkeep, repayment of loans and any losses which may be incurred. It pays local rates and taxes, buys fuel for central heating, employs caretakers and gardeners, fixes rents and makes house rules for its members. It may even expel a member at the unanimous wish of all the other tenants.

Elsewhere, in the Netherlands, for instance, although a tenants' committee is elected for each housing unit, it does no more than assist the board of the general housing association and arbitrate in disputes. The association appoints its own inspector for each housing unit. He lives in the building, collects rents and is responsible for minor repairs. In other countries there are several degrees of responsibility between self-governing ownership and virtually complete control by a larger regional or national organisation. Such an organisation may concede little more to democracy than to admit the tenants' right to express a collective point of view.

Alongside the housing co-operatives formed by prospective occupiers, there are, in several countries, building co-operatives which are partially or wholly owned and managed by building trade unions. The original purpose may have been to provide

employment for building trade workers, though an interest in the social value of low cost houses was, however, present from the beginning, and provided an additional objective. In Finland, housing co-operatives are usually formed not by individuals, but by local authorities and in some cases private firms. The inclusion of consumer co-operatives in the membership of housing co-operatives is found in other countries, such as Switzerland, where, however, there are also individual members.

In the case of housing co-operatives of which all or some of the members are corporate bodies, the indefinite expansion of individual membership presents no particular difficulties. The co-operative carries through a housing project for which it sees a need and for which it has resources. It then selects the future tenants or (less frequently) owners from a waiting list, probably long. In most countries, as soon as tenants have been selected, they are formed into a tenants' association, which is thereafter responsible in varying degrees for the financial liabilities, upkeep and day-to-day management of the property. This leaves the parent body free to consider the needs of houseless people and initiate another project.

In the case of house ownership co-operatives, the structure is usually simpler. Membership is limited to those who can be accommodated in a single building project, or to those who can provide their own building sites. The co-operative remains in existence and is run by the usual democratically-elected committee until the last instalment on the last house has been repaid. It is then wound up. There are, however, some house ownership co-operatives which, having provided their own public services and amenities, remain in being even after payment for houses has been completed. They are in effect small scale local authorities in charge of a co-operative village or suburb. Unfortunately, they have no power to raise rates and there comes a point when (as in some Pakistani examples) the occupiers decide that they had better exchange co-operative for municipal status.

2. GENERAL MEETINGS AND COMMITTEES

Some local housing co-operatives come near to being branches of a regional or national organisation. Their co-operative character may depend on little more than the fact that they do not make a profit and that the national organisation to which they belong is itself registered as a co-operative, with all the safeguards which that implies.

Where, however, the members of a housing co-operative are individuals solely responsible for its affairs, they have a good deal of freedom to settle the method of control and administration, provided they keep within the general framework of the co-operative law.

In most cases this is simple and uniform. The highest authority is the annual general meeting, at which each member has one vote. Some large co-operatives hold area meetings, which elect delegates to represent them at the annual general meeting. This meeting receives and discusses the annual report and balance sheet of the co-operative, which it may adopt or reject. It elects a committee, sometimes called a board of management. In countries which follow the German pattern, the general meeting elects a supervisory committee which meets infrequently but has the duty of electing a small executive, which may consist of full-time and honorary members. In other countries the committee is unpaid, though the expenses of attending meetings may be met. Under this arrangement the committee appoints the paid officers of the co-operative, a secretary, in the case of a large co-operative perhaps also a business manager, an accountant, and perhaps one or more technical building experts. The appointment of lower grade staff - plumbers, electricians, boilermen, gardeners, caretakers, night watchmen, may be made by the committee or by the senior officials. Some Swedish co-operatives provide for the appointment of a board of Trustees, who are not themselves members of the co-operative, but this is not usual.

Committees are elected for periods of from one to three years. It may be laid down that one-third only of the committee members retire each year. This ensures a measure of continuity while allowing for democratic choice and the introduction of new blood. Retiring members are usually eligible for re-election, but sometimes only for two or three terms of office, after which they must stand down for one year. The object of this rule is to prevent membership from becoming static or out of touch with the wishes of the ordinary members, while avoiding a complete change of committee membership which would sacrifice valuable experience.

In an organisation such as a housing co-operative, where technical knowledge, sometimes on a high level, is involved, the presence of qualified persons such as architects or surveyors is of great value, especially at the building stage. They should not, however, be allowed to dominate it to the exclusion of the ordinary members, and there are in some countries restrictions on the election to committees of builders or others who might be suspected of personal interests. In some countries local authorities who lend to building co-operatives have the right to appoint a representative to sit on the committee. The representative is usually a qualified man from the housing department, and his presence is valuable.

The committee usually elects a chairman, though he may be elected by the annual general meeting, as in some countries are the secretary and auditor. The chairman is responsible for the conduct of meetings, and much of the success of the co-operative will depend on his impartiality, his judgement of what is important and what is not important, and his ability to carry the committee meeting through what may often be a complicated and perhaps controversial agenda, to the point at which sensible and generally acceptable conclusions are reached.

A good chairman should be equable, tactful, but also firm. He

should be able to control a meeting, keep speakers to the point and if necessary force his committee to take difficult and perhaps unpleasant decisions. He should not dictate these decisions. He should work closely with the secretary, who will need his support and should in return make a point of keeping him fully and constantly informed on the business and problems of the co-operative.

In a primary housing co-operative, the chairman and the other members of the committee are unpaid. In co-operatives with a widely scattered membership (usually of farmers) committeemen are sometimes paid an honorarium to cover the cost of their travel to a meeting and perhaps their loss of a day's work on the farms. In a housing co-operative this should be unnecessary. The initiatory period, during which committee members may live far apart, should be comparatively short. After that, they all live in the same housing scheme, meetings can be held in the evening, and no travelling or loss of work is involved.

The secretary, who will have a good deal of work, is probably paid. His services may be full time or part time, and he may have other work. As the buildings are completed and occupied and the life of the co-operative settles down to routine, his work may well become less onerous. Other staff are paid employees, though there may be volunteers supervising children's playrooms or otherwise helping with the social organisation of the project.

Some countries encourage the formation of special women's committees for such purposes. Probably the presence of women members on the general committee is more effective, but in countries where husband-and-wife membership is not encouraged, a special women's committee, without legal responsibility, may become necessary.

The exact form of committee structure is unimportant. What

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A good chairman should be equable, tactful, but also firm. He

should be able to control a meeting, keep speakers to the point and if necessary force his committee to take difficult and perhaps unpleasant decisions. He should not dictate these decisions. He should work closely with the secretary, who will need his support and should in return make a point of keeping him fully and constantly informed on the business and problems of the co-operative.

In a primary housing co-operative, the chairman and the other members of the committee are unpaid. In co-operatives with a widely scattered membership (usually of farmers) committeemen are sometimes paid an honorarium to cover the cost of their travel to a meeting and perhaps their loss of a day's work on the farms. In a housing co-operative this should be unnecessary. The initiatory period, during which committee members may live far apart, should be comparatively short. After that, they all live in the same housing scheme, meetings can be held in the evening, and no travelling or loss of work is involved.

The secretary, who will have a good deal of work, is probably paid. His services may be full time or part time, and he may have other work. As the buildings are completed and occupied and the life of the co-operative settles down to routine, his work may well become less onerous. Other staff are paid employees, though there may be volunteers supervising children's playrooms or otherwise helping with the social organisation of the project.

Some countries encourage the formation of special women's committees for such purposes. Probably the presence of women members on the general committee is more effective, but in countries where husband-and-wife membership is not encouraged, a special women's committee, without legal responsibility, may become necessary.

The exact form of committee structure is unimportant. What

matters is that it should produce an authority which can efficiently manage the housing project and at the same time fully express the wishes and feelings of the members.

3. FEDERAL STRUCTURE

Housing co-operatives in most countries do not work alone. They are members of some federal organisation, either national or regional. In some countries there are two federations. These may represent respectively tenants' co-operatives and trade union building co-operatives; or Catholic and Protestant communities; general housing and the housing of employees of particular firms; or urban and agricultural housing. In most European countries the national housing federations have a membership of co-operatives only. There are, however, countries (Austria, Denmark, France, the Federal Republic of Germany), in which several types of non-profit housing associations, not all of them co-operative, share the same national organisation.

Federal organisation plays a leading part in the development of co-operative housing, and enables it to grow much more rapidly and successfully than would be possible if a number of local co-operatives acted on their own. Federations may be mainly advisory and promotional, but they may also provide their members with a number of practical services, either directly or through subsidiary undertakings. Some examples may be given.

The Danish National Federation of Non-Profit-Housing Societies is responsible for the public relations of the housing movement; the study, promotion or amendment of legislation affecting the co-operative movement; agreements or contracts with trade unions and architects; legal, technical and economic advice to member co-operatives; co-ordination of the national building programme so as to ensure a continuous flow of materials; seminars and meetings for the education of members; and the publication

of a monthly journal. A second organisation, consisting of the federation itself, together with various trade unions, labour and consumer co-operative bodies, provides general managerial services for housing projects under construction, and has its own subsidiary company which provides for the permanent management of completed housing units on behalf of tenants' co-operatives.

The Swedish National Tenants Saving and Building Society is a large organisation with a staff of over 500. It has six main departments: organisation; finance and accountancy; technology; building; supply of materials; and industrial management. It undertakes the audit of member co-operatives and research into architecture and planning.

The Norwegian Housing Federation has a growing staff of architects and engineers and is working on the further rationalisation of construction, while seeking to keep costs down and standards up.

The Finnish national federation undertakes and supervises building projects, which it hands over on completion to tenants or other local organisations. It uses contractors for actual building.

In the Federal Republic of Germany including Berlin (West), the National Housing Federation (not exclusively co-operative) is concerned mainly with housing policies, legal, economic and technical matters and public relations, and leaves the supervision of housing co-operatives to regional auditing unions. It publishes a serious monthly journal, a popular magazine and a yearbook.

National housing federations do not, as a rule, engage in actual building, banking or the supply of building materials. The Swedish National Housing Association does, however, make whole-

sale purchases of building materials, and has its own factories making prefabricated timber houses and components, fittings, cement, plaster and marble. The Danish Federation has set up a wholesale society for the supply of building materials; depots from which building machinery can be hired out; a factory producing standardised kitchen equipment; a building centre which undertakes technical research; and an Institute of Building Accountancy, which calculates the cost of materials and labour, checks tenders and contracts, and studies technical and economic problems. The Polish Social Building Enterprise is a secondary co-operative of which primary housing co-operatives and their national federations are members. It carries out building projects; manages enterprises making building materials; supplies materials wholesale; and hires out transport and building machinery.

Several co-operative housing federations have established credit or loan funds, especially for the purpose of making construction loans to cover the period before a mortgage can be secured on a completed building. These funds are usually regarded as "revolving funds", that is, they can be loaned, recovered and re-loaned, and so make possible assistance to a series of new co-operative projects as they come into being.

In countries outside Europe (except perhaps in the U.S.A.) there is less national organisation, but in some cases strong regional federations have been set up. In a large country this may be the most effective first step. A determined approach to the rehousing problems of one city, whether or not it is the capital of the country, may be more easily carried through to success than a national co-operative housing campaign, and the experience gained may then be available for other cities to adopt. National federation may come as an aggregation of regional groups, as indeed it did in Sweden. Many housing co-operatives, often pioneers in the field of non-profit housing, either work on their own or look to government departments for support and

advice. This position is, however, now changing, and co-operative housing federations, even if their work is only advisory, are beginning to be formed. This is a necessary development if the housing co-operatives are to be strong, well-managed, well-financed and in good standing with their governments and with the public.

CHAPTER V

FINANCE

Houses are costly possessions. For many people they are the principal investment of a lifetime. A co-operative which sets out to build houses must from the very beginning think in terms of quite large financial expenditure. This need not all come from the members, at least at the outset, but unless adequate funds are likely to be available from some source, and on reasonable terms, it is useless to go any further with the project. This means that careful enquiries must be made from the very beginning both as to the amount which members are able and prepared to contribute and as to other sources of funds. In the main these will be loans, long and short term, and it is necessary to know for what period they will be granted, what interest they will carry and the kind of security for which the lender will ask.

The difference between house owning and house renting co-operatives has already been pointed out. But whether the co-operative proposes to build individual houses which will in the end become the sole property of members, or whether it is building flats or grouped houses, to be let to the members as tenants, the method of financing is in fact very much the same.

1. MEMBERS' CONTRIBUTIONS

The foundation of co-operative housing finance is the member's contribution. This may be built up in various ways. In some countries the member begins by paying a small entrance fee. Sometimes there is an annual subscription. More often, he takes up a share which may be of a nominal value or may be fairly substantial. Where the fee or share is small, it is nearly always

linked with a regular savings scheme, and the member may not be eligible to receive a house until his savings have reached an agreed figure. The time required to meet this point may be calculated to match the time which he will have to wait before a house can be built and made available to him. In most countries the liability of the member for the debts of the co-operative (as distinct from the debt he himself incurs when he takes over his house) is limited to the nominal value of his share. In a few countries, such as the Federal Republic of Germany, liability may be higher than the amount of the share, and the member's wife or some other member of his family, may also be expected to take up a share.

The member's contribution, whether in the form of a fee, shares or deposits, always bears a fixed relation to the expected total cost of the house or flat which he will occupy. It may be as low as 3% or as high as 30%. It is nearly always lower in the case of a tenancy co-operative, usually between 5% and 15%, but a good deal higher, very rarely below 20%, in those which build houses for eventual ownership. The proportion is also lower for small, economically built houses with a minimum of facilities, and higher for those which are larger, more elaborately equipped and presumably required by people with relatively high incomes.

At this point it should be made clear that most members of housing co-operatives have to take up shares or make savings deposits before they become eligible for a house and usually well before building has even begun. This applies only to co-operatives of which the members are intending house occupiers. Tenants who are allocated houses or flats built by trade unions or consumer co-operatives (as happens in Sweden, Finland and Israel), do not have to pay anything until they actually enter into possession and form their local tenants' or owners' co-operative. This may be a financial advantage to the occupier; at least he will have had to practice no preliminary thrift, but it means

that he will have had no choice in the type of dwelling built, but will have to take what is offered him. It should also be remembered that it is probably only in a few countries that trade unions or consumer co-operatives have the reserves to invest in house building. Consumer co-operatives in particular may prefer to invest their reserves in developing their own business and its auxiliary services. This form of co-operative housing is not likely to be generally available, and most people who want to be co-operatively housed will have to save the hard way.

For those who find it extremely difficult to save, it may be worth remembering that in many of the countries where high initial contributions are required from the member of a housing co-operative, he may not have to meet them all out of his own pocket. These are also the countries in which co-operative credit societies or unions flourish, and the member may be able to borrow from such an organisation in order to pay all or part of his share in the housing society. Sometimes a state savings bank will lend for such a purpose, or in some cases an employing firm. The member should, however, be warned that if he makes use of these facilities, and in addition has to pay off the full debt on his house after he takes possession, he may be piling up a mountain of debt which will have to be discharged by monthly payments, and these may take a large part of his earnings over many years. There may indeed come a time of domestic crisis when he cannot meet them all, and may have exhausted his borrowing power. The importance of saving and depositing in actual cash the required proportion of the cost of the house is something which cannot be over-stressed or too often fully explained to the intending member.

2. LOAN CAPITAL

All housing co-operatives work to a considerable extent on borrowed capital. In a number of countries borrowing takes place

in two stages: the first loan is for actual building and is usually at short term, for a year or eighteen months at most. It may be obtained from a private bank (not necessarily co-operative), a co-operative bank, an insurance company or a local authority. The interest in most cases is likely to be fairly heavy, as the housing co-operative has nothing to offer in security except the members' subscribed share capital, in addition to the value of the site, provided it is the freehold property of the co-operative. This is not always the case, and leasehold is not such good security.

There are two answers to the problem of collateral. The government may be prepared to guarantee the loan to the lending bank or other institution. This is becoming more common, especially in countries which have suffered war damage or have been heavily burdened with refugees. Alternatively in countries with mature housing co-operatives and a fairly high general level of income, the housing co-operatives themselves have built up a national fund, known as a Credit Fund or a National Savings and Building Fund, for the express purpose of making short term loans to member co-operatives. As soon as these loans are repaid, they can be lent again to another housing co-operative or for the initiation of a new project in the same co-operative. The fund is in fact what is known as a "revolving fund".

As soon as a building is actually in existence, the second stage of financing can begin. This is the negotiation of a long term mortgage loan which is used to pay off the construction loan and is itself paid off over a long term of years by the co-operative on behalf of its members. The loan may be divided into First, Second and Third Mortgages. It may be borrowed direct from the national or local authorities, from a State Savings Bank, from private credit institutions such as social insurance funds, insurance companies, public, co-operative or private mortgage banks savings banks or building loan societies.

Perhaps at this point it may be well to say a little more about the position and structure of the Co-operative Building Society and the Co-operative Mortgage Bank. Neither, as a rule, forms an integral part of the co-operative housing organisation. They may collaborate with it, but on terms no different than those they would be prepared to offer to other borrowers.

The Co-operative Building Society has a long and honourable history, especially in Great Britain and Australia. Building societies have existed since the end of the eighteenth century, and have been legally recognised for over a hundred years. The purpose of a building society is to raise through the subscriptions of members, usually in the form of shares, and the deposits of the public, a stock or fund from which advances may be made to members for the building, buying or improvement of a house. The loan is secured by a mortgage on the freehold or leasehold of the house and the land on which it is built. The original intention was to make loans to individuals, but in some countries building societies may be prepared to lend to housing co-operatives.

Co-operative Mortgage Banks are usually agricultural in character, and this is probably made clear by the inclusion of the word "land" in the title. They lend at long term, usually for the purchase or improvement of land (drainage, irrigation, planting of tree crops) or for the construction of farm buildings, including commercial installations like broiler houses or packing stations. Their shareholders may be primary agricultural co-operatives of various types, but they may have individual members or increase their resources by selling bonds, without voting rights, to the public. Some may be prepared to lend to housing co-operatives on the security of a good mortgage.

In some countries up to 95% of the loans required by housing co-operatives may be obtainable from state funds; elsewhere

the proportion is much lower, though still substantial. Sometimes the state will guarantee a loan from a non-governmental institution. It should be noted that in some countries, especially where state aid is important, there appears to be a merging of the first and second stage of finance.

3. SUBSIDIES

Direct subsidies are unusual, but are available from some governments, as, for example, in Czechoslovakia. Sometimes provision is made for a remission of the last instalments of a government loan, up to 20% of the total, provided previous instalments have been promptly paid. This is a form of subsidy deferred to a fairly remote future. Subsidies may be available for the housing of special groups such as large families, the physically handicapped or the aged. Where mortgages are calculated on the rentable value of the property, and this has deliberately been kept low by rent-fixing legislation, a subsidy may be made available to correct the position or the rent may be subsidised in order to make possible repayment of the loan in a reasonable period. A subsidy may also be paid, not as a substitute for part of the loan, but as a way of reducing what would otherwise have been a high rate of interest.

4. REPAYMENT OF LOANS

The period allowed for paying off a loan on a co-operative housing scheme varies a good deal between different countries. It may be as short as ten years in some Asian countries or as long as seventy in Austria and the Netherlands. Such loans are evidently not related to the span of human life. A more usual figure is 30-40 years. In France, a loan on a house which will become the property of the member must be repaid on the date when he reaches the age of 65.

Repayment is usually in equal instalments, but various forms of

relief may be offered in the first few years. Only 1% of the loan may be repayable in the first year and the rate may not rise to 3.3% till the third year. Sometimes there is no repayment, or a greatly reduced repayment, for as much as ten years. These concessions are to the co-operative and may or may not be passed on to the member.

5. RATES OF INTEREST

The rate of interest on loans is usually low if it is from a government source. It may be kept low by a subsidy when it comes from another source. (In other words, part of the interest is paid by the government and not by the co-operative.) In some countries it may be as low as 1% or 2% a year. The most usual figure is from 3% to 4%, but it may be 5% or 6% or (in Israel) between 7% and 9%. It should be repeated that in the joint ownership system all the loans and other forms of support described above are given to the co-operative as a corporate body, not to the individual members. It is the co-operative which is responsible for the payment of interest and amortisation, and it continues to be so responsible even if members die or abscond, leaving debts unpaid. Another possibility is for the co-operative to build houses on behalf of individual members, in which case members are the borrowers. The way in which payments are recovered from members will be described in Chapter VIII.

Little has been said about employing firms as a source of capital because many, perhaps most housing associations which receive loans from this source, cannot be regarded as true co-operatives, unless they are owned and controlled by the occupiers. In countries with centrally planned economies, where the industrial firm is some form of state or collective enterprise, the housing of the employees is frequently organised through a co-operative, the rules of which provide that it

should be owned and controlled by the tenants, while the enterprise is the only supplier of capital. Co-operatives of this type may exist in other countries, though they have not received much public notice. In other countries employers give loans to co-operatives in order to obtain housing for their employees as co-operative members.

As the foregoing will have shown, the availability of loans, the security demanded, the rates of interest and the terms of repayment are, in all countries, strongly influenced by the general housing policy of the government. They do not depend on purely economic factors. Good housing is fundamental to the health, well-being and contentment of the people as workers and as citizens. Governments, local authorities and employers, whether public or private, are therefore prepared to invest in good housing. If they are aware that there exist well-run and progressive housing co-operatives, they are usually more than ready to use such co-operatives as one channel, perhaps the principal channel for such investment.

There is no single system of financing a co-operative housing scheme. In each country it is necessary to explore the sources of loans and the available lending institutions and discover the most advantageous way of proceeding. This may call for careful enquiry and comparison. Many governments have passed legislation in favour of housing development. This has not always been fully used, because the organisation has not been there. There may well be opportunities for aid which have not been exploited because they are not well known. Non-governmental bodies like co-operative banks or building societies may also be interested, even though they have not habitually done this kind of business.

CHAPTER VI

PLANNING AND BUILDING

1. FINDING AND DEVELOPING A SITE

As soon as a housing co-operative is formed, possibly even before it is formed, it is necessary to secure the possession or at least the assured long term use of a building site. This may well be the necessary condition of securing a loan. The older housing co-operatives went out into the property market and bought land wherever they could find it, provided it was suitable for building and the price was within the means of their members. In several countries, from Sweden to India, housing co-operatives still buy land on the market, although, at least in Europe, it may be necessary to make sure that planning permission will be given for the type of housing intended. In crowded and urban countries today, choice is often restricted by town planning measures and the zoning of areas for residential, industrial and business purposes. The price of land, even when its use is not controlled, has risen steeply.

In most European and some African countries, a housing co-operative, possibly acting through a national co-operative housing federation, must at an early stage enter into consultation with local or sometimes with national authorities, on the possibility of securing a site. It will have to bear in mind not only the land available, but the wishes of members. Do they want to be near their work, as well as near existing schools, shopping centres and hospitals? Or do they want to get away from crowds and noise and live as nearly as possible in the country, even if it gives them a longer and more expensive journey to work? Once again, do they want houses or flats? Private gardens or a public park? What are they prepared to pay, and have they com-

pared the long term cost of an expensive site near the centre of town with the cost of a cheaper site combined with a more expensive journey by train, bus or car? Have they taken into account that though repayment of the purchase price of the site will be fixed for the next thirty years, the costs of transport may well increase?

In a number of countries, an approved housing co-operative may receive land free, at a concessionary rate or on long lease from national or local authorities. In some countries local authorities have been given power to acquire land compulsorily and develop it for occupation. The National Housing Corporation in Great Britain and the Central Mortgage and Housing Corporation of Canada (the latter in conjunction with a Provincial government) may both acquire and develop land. Powers of this kind may be of great benefit to co-operatives, wherever speculation in land is keen and prices have risen unreasonably, or where, as in Switzerland and some other countries, there are many small owners with whom it is necessary to carry on lengthy negotiations before a site for any reasonably large co-operative project can be made available.

The development of public services has next to be considered. They can add greatly to the cost of building, and if they are inadequate by modern standards of health and convenience, planning permission is unlikely to be given to the project. If the site is already within an urban area, water supplies, sewage disposal, access roads, street lighting, electricity and gas mains may already be there. Schools, post offices, shopping centres and other communal needs may not be too far away. If the site is only just beyond the outer suburbs, the local authority may be prepared to extend the basic services, later charging normal rates. In a more remote area it may be necessary to find new sources of water supply and to establish sewage disposal units, electricity, transformers or telephone exchanges.

In a rather surprisingly large number of countries in all parts of the world, it is left to the housing co-operative itself to provide all the necessary services. This not only means a heavy outlay before the project can even begin, and heavy capital charges, which will remain the responsibility of the members for many years to come. It also means continuing charges for upkeep, maintenance and continuous supplies, especially of water and electricity, for which a co-operative has no powers to levy a compulsory rate. This is beginning to arouse protests. In the case of Karachi (Pakistan), already mentioned, a group of co-operatives have provided not only roads, water, sewerage, electricity and gas, but amenities like parks and playgrounds and social institutions such as schools, colleges, mosques, maternity homes, hospitals and clubs. They were, at least until recently, trying to maintain them without financial aid or the power to raise compulsory rates. They were, not unnaturally, pressing for the conversion of the co-operative into a municipality. In India, too, it is being urged that where building sites can only be acquired on the outskirts of cities, the local authority should plan in advance to provide public services, including postal collections and deliveries and public transport, of which school buses should form a part.

2. BUILDING AND CONTRACTING

There are two main systems, with some local variations. The co-operative, or more often a federation of co-operatives, may itself undertake the whole process of planning, designing and building. Alternatively it may confine itself to making a general plan, employ a private firm of architects to make the detailed design, and finally put the actual building operation out to tender.

In countries like Norway, Sweden and Denmark, where co-operative housing is highly developed and has been extending the range of its national organisation and subsidiary enterprises over many

years, planning is usually the function of the federation, which employs its own architects, engineers, surveyors and other specialists. It may either prepare the detailed designs and costings itself, or may check those prepared by private firms. The national federation may, as in Denmark, go further and co-ordinate the whole co-operative building programme on a national basis, in order to make possible the continuous employment of labour and a smooth flow of building materials and machines to all projects under construction. It does not, however, undertake actual building.

Before the housing co-operative or federation is prepared to enter into a contract with a building firm, it will find it prudent to ask for several tenders and compare them carefully. This sort of competition is an essential feature of the building trade. Even in countries which exclude private trade, there may be advantages in getting estimates from state and co-operative building enterprises. Elsewhere the choice is likely to be between building co-operatives and private firms. A housing co-operative may have a natural preference for giving the contract to another co-operative, but builders' co-operatives are not very well spread, not always on a large enough scale to tackle a big housing project, and sometimes have difficulty in financing their operations. If they require larger or earlier advances than a private firm, this may put a strain on the finances of the housing co-operative.

Some countries provide legal safeguards against any abuse of the contract system. Housing co-operatives may admit private builders as members because their experience is valuable and may be offered from quite disinterested motives. It is obvious, however, that motives of personal gain may also enter. There are usually regulations limiting the presence of builders on housing co-operative committees: obliging them to "declare their interest" in any contract which is put out to tender; and providing for the impartial examination, usually by a co-operative federation, of any tender they may submit.

Building co-operatives are of some importance as contractors to housing co-operatives in Denmark, Italy, Switzerland, Czechoslovakia and Poland. Elsewhere, private builders are usually employed, or in state planned economies, national building enterprises. In countries, like Norway, where building firms tend to be small and specialised on craft lines, contracts are fragmented, and the problems of organisation and supervision become more complex. In co-operatives aiming at individual house ownership, in some Asian and South American countries, the co-operative is concerned only to provide a site and a loan. The member may be left to make his own contract with the builder of his choice. This lessens the responsibility of the co-operative, but makes it almost impossible to achieve any kind of planned development, with its possible gains in standards of quality and appearance or the provision of social services and amenities.

The principal exceptions to the contract system are the large trade union or consumer co-operative building associations in Sweden, Finland, Israel and the United States, which themselves act as general contractors carrying on all or some of the work themselves and employing sub-contractors as required for special operations. Some of the regional housing federations in Switzerland and Canada do their own building, as do some of those in Asian countries.

3. SUPPLY OF MATERIALS AND EQUIPMENT

Several national co-operative housing federations, even if they employ contractors to undertake the actual building, may still undertake the bulk purchase or manufacture of building materials and fittings. They may even supply furniture for incoming tenants, designed to fit the size and type of accommodation to be offered. The Swedish National Housing Association has four woodworking undertakings making kitchen fittings, doors and window frames. It has a factory producing prefabricated timber

houses. It makes refrigerators, sanitary fittings, heating equipment and hardboard. The Swedish and other housing co-operatives also buy components from consumer co-operatives with suitable factories of their own.

The Swedish building co-operatives of which the shareholders are Trade Unions, likewise own several subsidiary industries, including one producing heating and sanitary fittings, a paint company, which co-ordinates the buying of paints and wallpapers, one producing kitchen fittings, two stone-cutting undertakings and a road construction and civil engineering company.

The German and Austrian non-profit housing federations have worked successfully on the standardisation of materials and fittings. In some countries, including Denmark and Poland, the national housing federations own pools of building machinery, such as cranes and concrete mixers, which they hire out as required.

4. HOUSING DESIGN

In Europe, by far the most common type of co-operative housing is the block of flats of which the members are tenants. The standard of accommodation varies from country to country and within the same country. Three rooms with kitchen and bathroom is fairly representative of flats intended for family occupation. Larger units for larger families are included in some countries (the system of segregating large families was not a success), with smaller units for the elderly and single people, including students. The latter are generally housed in separate blocks, but there is a recent tendency to include elderly people in general housing schemes. In Canada, student housing in universities has been a notable co-operative success, apart from one or two schemes in which "doing your own thing" got out of hand with disastrous results.

In nearly all countries the material standard is rising steadily if slowly. In some, improvement is still held back by the legacy of war damage, the rapid rise in population and the continuing shortage of labour, building materials and modern building equipment. In others, the technical standard has already reached a level too high to be economically justified in view of rising costs and the unwillingness of occupants to bear such expense. Elsewhere, the level of accommodation is to some extent controlled by a government regulation that rent may not exceed 20% of the tenant's income. Alternatively, housing which has benefited from public subsidy may not be available to those whose incomes are more than five times the level of the rent.

European countries in which detached or semi-detached houses are consistently preferred to blocks of flats are the Netherlands and Great Britain. Nonetheless, some co-operative blocks of flats have been built in both these countries. French housing co-operatives have moved in recent years from the detached house for family ownership, to flats for tenant members. In North and South America, Australia, India and Israel, both types are built, though the preference (except in New York) still seems to be for the family house. Wherever detached houses have been built by co-operatives in any numbers, no matter in what country, they have almost always been grouped in garden cities, "townships" or "colonies", with a carefully considered layout. This is also true of all the larger schemes of flat development where the space between blocks of apartments is carefully landscaped and planted with grass, trees and flowers.

The external and internal appearance of co-operatively built houses naturally varies with the resources available and the architects employed. Many are very pleasing, and have made a striking contribution to the design of modern cities. Others have perforce been built to minimum standards, to meet the urgent needs of homeless people. In such cases aesthetic values may have to take second place to shelter and hygiene. They

should not, however, be regarded as unimportant. A social ideal should be presented in a worthy material form. Buildings last a generation at least; probably more. People should not be surrounded all their lives by ugly proportions and jarring or needlessly mechanical lines. Co-operation should present an attractive, stimulating and inspiring shape to the world. For this, an architect with perception and a touch of genius is more important than lavish expenditure.

Cost, however, is the most frequent limiting factor and in the last ten years there has been an interesting shift in policy on the part of international agencies and particularly Americans providing technical advice to developing countries. Instead of beginning with an ideal, if severely simple, pattern of house the emphasis is now on "minimum shelter" which can later be augmented by additional rooms and fittings. Some merely begin with a dry concrete platform and a plumbing unit and are transformed in stages, by self-build labour to an acceptable family house.

5. COMMUNAL SERVICES

In all co-operative housing schemes the level of communal services and amenities is high. Apart from the ordinary needs of water, sewage disposal and light, most co-operative housing schemes in Northern countries provide for central heating for each block of flats. Some schemes have gone on to neighbouring heating: the installation of a central heating unit, perhaps making use of a cheap fuel like natural gas, to heat a group of apartment blocks or detached houses. In Sweden, housing co-operatives were the pioneers in providing, early in the present century, for central heating, lifts, baths and showers, none of which had previously been considered necessary in low-cost housing. They also provided for rubbish disposal by interior chutes, communal laundries and carpet-beating rooms with mechanical dust extractors.

Laundries and drying rooms fitted with machines which can be operated by the housewife herself, are a feature of co-operative housing in many countries. So are children's playgrounds or playrooms for use in cold weather. Many of these have a volunteer or paid supervisor and plenty of equipment for communal and individual activities. Poland has for a long time provided kindergartens, crèches, libraries, clinics and clubs. Some or all of these are to be found elsewhere, notably in Belgium. Provision is usually made for private gardens and allotments, parks and open spaces. Schools may be built, or at least a site reserved for a building to be put up by the local authority, provided the new settlement is sufficiently large. There may be a community hall. People from neighbouring districts are usually admitted to these facilities, and this helps to break down the isolation which is often a dangerous feature of life in a new housing estate.

The policy on shops varies. In Israel only co-operative shops are allowed, and consumer co-operatives are probably given preference in other countries, especially where they have made some contribution to the housing project. Elsewhere provision is also made for private shops and perhaps for the inclusion in the project of people whose services are likely to be needed by the community such as doctors, barbers, watchmakers or electricians. Where accommodation is limited, they may be allowed extra rooms, to be used as consulting rooms or workshops. In some countries, indeed, co-operative housing schemes are partly financed by leasing the ground floor to private shopkeepers or other businessmen, though there may be regulations (as in Austria) as to the proportion of space which may be used in this way.

The policy to be adopted regarding communal services is obviously one which must be considered in considerable detail before a co-operative housing scheme is launched, architects are instructed or even land purchased. Some services (e.g. neighbourhood heating) may in the end save money, but many others cost money

which the members will in the end have to find. If they do not, in fact, want a club, a community hall or a library, there is no point in increasing costs by including them in the scheme. A compromise might be the reservation of space for such buildings should the members wish for them later on.

CHAPTER VII

"SELF-BUILD" AND RURAL HOUSING

In simple agricultural societies it has always been the custom for neighbours to join together for the purpose of building or rebuilding houses. Even in more recent times, it is on record that the people of a village in Bulgaria decided they would like to rebuild all their houses. The whole village combined to make bricks, fell timber, make doors and window frames, lend oxen and carts to move materials to the building site. They drew lots for the first house to be demolished and rebuilt, meanwhile finding temporary accomodation for the owners. As soon as first house was completed, they moved on to the next, and so on till the whole village had been rebuilt.

1. "SELF-BUILD"

The idea of the "self-build" co-operative came later, and was to some extent the product of the economic depression of the twenties and thirties. This meant that there were many men unemployed and with ample leisure which, with some outside help, could be used to provide themselves with houses. Interest was again stimulated by the totally different circumstances of the period immediately after the Second World War, when labour in the building trades was so scarce and the pressure for new houses so great that young couples often had to postpone marriage or live with their parents for several years before they could find a house on the market. The alternative was to build their own. Few, however, had the necessary capital to buy a site and materials nor the skill to build without instruction.

The countries principally interested in "self-labour" co-operatives are Sweden, the United Kingdom, Czechoslovakia, the United States and Canada. It will be noticed that none of these are

poor countries. They are also countries in which manual labour has never been held to be degrading. The housing co-operatives in these countries which use "self-build" methods do not work in the same way. What they have in common is that their members decide to reduce the cost of their houses by building them wholly or partly themselves.

In Sweden, where special state loans are available for this purpose, the National Housing Association is prepared to buy land and develop it for this purpose, afterwards either selling it at cost (including that of roads, mains and sewers) or leasing it for sixty years. Through one of its subsidiary companies it manufactures the components of a considerable variety of prefabricated small houses, which members can put up themselves, provided expert instruction is available. Contractors lay foundations and provide plumbing and wiring. Written instructions are provided with each consignment of building material (in this country, timber) and an instructor visits the site to help if any difficulties arise. Paints and finishes are at the member's choice. The completed work is subject to inspection.

The method of financing is that state loans are made available for 30 years at 4% interest. Alternatively, the members may obtain a first mortgage loan from a private source and a second mortgage from the state. The member pays cash for all the building materials as they are delivered, using for that purpose a special cheque book which enables him to draw on the loan placed to his account. When he has finally repaid his loan, the house becomes his property and he can dispose of it as he likes.

Members are expected to help one another in the course of building, and on the completion of a group of houses, a Home-Owners' Association is set up which makes joint purchases of fuel, installs street lights, if necessary, keeps roads in repair and looks after amenities. The Association employs its own landscape-

gardener, whose function is to give free advice both on the surroundings of the settlement as a whole and on individual gardens.

In the United Kingdom, some 400 "self-build" housing co-operatives have been formed, the members of which provide all their own labour. They have built over 7,000 houses. Many of these co-operatives, however, dissolved on completing their building operations and paying off any debts which they might owe. The method is less systematised than in Sweden, and there is no national manufacture or procurement of materials and no technical supervision. The co-operatives are, however, advised to include technicians among their members, which most of them do.

Members usually pledge themselves to work for a minimum of 16 to 25 hours a week in their spare time. In the latitude of the United Kingdom, this may mean working by flood lighting in late autumn or early spring. The aim is to include in each group some skilled craftsmen with experience in building, as well as an accountant and a lawyer. No outside labour is employed, and no paid staff.

Members may form a savings group some time in advance of actual building. All take up an initial share and sometimes add a weekly subscription to cover administrative expenses. A block mortgage loan may be obtained from the local authority or a building society, covering up to 90% of the cost of materials, and repayable in 25 years. In some cases the local authority also provides the site, usually on leasehold.

In Czechoslovakia unpaid help on the building site from the member, his family or his friends counts as a contribution to the high proportion of capital (40% of total cost) which he must contribute towards the cost of the house or flat which he will ultimately own. Here there is no question of independent building with materials supplied from a loan. The block of flats is

a unified project completely controlled by the housing co-operative or the state or the contractor employed. The services of the prospective member given unpaid part-time and in a form within his technical capacity, are a contribution to share capital only and introduce no element of personal choice.

In the United States, housing co-operatives involving a substantial element of "self-build" are fairly numerous, but they do not work on any uniform plan. Some aim at continuing joint ownership of the housing project as a whole; others at ownership by individuals. Most try to preserve some communal services. Some houses are built by instalments, with rooms added as means and families increase. The participants are often intellectuals and artists rather than manual workers. The United States seems to be the only country in which "self-build" has involved conflict with trade unions. The difficulty seems to have been resolved, but the possibility that it might arise in another country should perhaps be borne in mind.

In Canada the "self-build" system was introduced into Nova Scotia during the depression and has recently been revived in Newfoundland, where the provincial government provides funds and technical instruction for members, who seem to be mostly young people in skilled occupations and professions. The method is also used in rural Quebec, though for urban housing the Quebec Co-operative Housing Federation has abandoned it in favour of standardised mass production on a modern mechanised system.

The keys to success in all "self-build" co-operatives would appear to be the small coherent group, a sympathetic source of loan capital and the inclusion, either as members or advisors, of skilled men with knowledge of different aspects of the building trade. With such knowledge available, and with amateur builders willing to learn, the quality of building is usually as high or higher than that of commercial firms. No-one, after

all, is likely to skimp work on the house in which he expects to spend the rest of his life.

2. RURAL HOUSING

Most self-build housing is to some extent rural, since most of those who undertake it prefer to make their homes on the outskirts of towns rather than the centre. (In any case, the building of large blocks of flats would be beyond amateur labour.) It does not, however, fully solve the problem of housing or rehousing peasant farmers, agricultural labourers, foresters and others who live more or less remote from their neighbours and from urban services. Some local authorities or national housing banks make loans to individuals for this purpose, as well as for the installation of piped water, modern sanitation and electricity. This is not a co-operative development, although in some cases the lending institution may be a co-operative bank. Loans for this purpose in some countries (such as India) are sometimes difficult to make, since the traditional style of village building is too impermanent to produce a property which can be mortgaged.

The co-operative contribution to rural housing is generally made through the supply of building materials, often by farmers' supply and marketing co-operatives. The member usually does most of the building himself, assisted by local craftsmen as needed. Much the same thing is happening in parts of Africa, where the construction of permanent buildings serving as co-operative warehouses or offices may for the first time suggest to members the possibility of new standards of housing based on new building materials such as concrete and aluminium sheeting in place of mud and thatch. Co-operative supplies of cement and corrugated metal roofing may then make it possible for the villager to put his ideas into practice.

The whole question of how to provide simple, inexpensive rural housing of acceptable standards through co-operative action still remains to be thought out in detail. It is associated with that of general village improvement, the laying on of pure water supplies, better sanitation, the provision of electricity and telephones. All these have been effected by co-operative action. The rural electricity co-operatives of the United States, France, Czechoslovakia and other countries such as Turkey are well-known. Telephone co-operatives are especially associated with Finland. Water supply co-operatives of various kinds have been formed in a wide range of countries, though not in large numbers. So far as is known, however, none of these have been linked organisationally with rural housing.

CHAPTER VIII

OCCUPANCY

The running of a housing co-operative is as important as the actual building. There must, in the first place, have been a good choice of members. Their economic position, their ability not only to pay their share on admission, but to go on paying over a long period of years is important. Their social acceptability to one another is important. So is the readiness of at least a considerable number to take active responsibility for managing the affairs of the co-operative.

There must be a certain measure of discipline which all can accept. The system of management must ensure that the financial obligations of the co-operative are met, that the fabric of the building is maintained, and its outward appearance remains creditable. At the same time, all the reasonable needs and wishes of the members must be fulfilled as far as is humanly possible. There must be security of tenure but also some means by which membership can be relinquished without loss to the member or the society.

1. ALLOCATION OF DWELLINGS

Some co-operative housing projects are exactly planned to accommodate the members, generally rather few in number, by whom it has been formed. Housing co-operatives with "open" membership, however, usually have a waiting list of people seeking accommodation, some of whom may have been waiting for a long time. There may also be many other houseless people who would become members if they knew more of the co-operative or if there were any chance that it could house them in any reasonable period of time. In this type of co-operative, and in

countries where the pressure for housing is severe, even desperate, it is necessary to devise a method of allocation which is fair to all, simple and easily understood.

The usual method is to allocate houses or flats to members in the order in which they joined the co-operative. Subsequent re-letting, made necessary by death or departures, is usually controlled by the tenants' committee. In some countries a housing co-operative which has received support from the local authority, has to consult that authority before allocating dwellings, and may be expected to make room for families in conditions of special hardship. The order or request comes from the local authority. In some countries all allocations are said to be made "on social principles". This is no doubt the ideal of all, but it would appear to involve some very difficult decisions as to the relative urgency of different kinds of need. Should a large family be preferred to one at present living in particularly unhealthy conditions? A poor family to one which has made continuous sacrifices in order to save up for a good house? The sense of injustice which might be aroused by a wrong, or even by a right decision, may easily be imagined, and would not help the social climate of the co-operative, even if the aggrieved family had been excluded altogether.

In the United States, the Federal Housing Administration, a government office, regulates the admission and transfer of members in all housing co-operatives receiving federal aid. In the Federal Republic of Germany, the local authorities must be consulted in cases where public funds are involved in order to provide housing for certain groups of tenants or future owners. These provisions, though they may represent the natural price which the local authorities exact for what is often generous aid, do rather conflict with the idea of a co-operative as a self-help association of like-minded people who have come together to create something for their own economic and social benefit.

The fact that admission to membership in a housing co-operative itself usually involves scrutiny and selection should mean that when a further selection is made of those who are to receive the first houses, it should do no more than establish a numerical order of allocation and not, save in very exceptional circumstances, allow disqualifications or even long deferments.

Before leaving the subject of allocation, it may be of interest to quote the case of a co-operative in Costa Rica, building houses for the ultimate ownership of its members. Seven out of every ten houses built are allotted in the order in which members joined the co-operative. The remaining three are allocated by ballot, the lucky recipients being forbidden to transfer them for profit. This element of gamble might not be accepted in all countries, but at least it stimulates members' interest.

2. TENURE

In the case of houses which are in effect being bought on hire purchase by the member from the co-operative, the member does not enter into complete ownership, either freehold or leasehold, until the loan is paid off. In the meantime he is subject to certain restrictions. In Hong Kong, for example, flats cannot be mortgaged while the loan is outstanding, nor can they be assigned or sublet without permission. No lodgers, other than members of the family, may be received. (In some countries, on the other hand, subletting part of a house in order to pay off the loan to the co-operative seems to be an accepted practice, to which no objection is raised.)

In order to prevent speculation, it may be laid down that co-operatively built houses may not be alienated in less than six years from the date of occupation. Elsewhere, if a member wishes to sell or let his house less than ten years after he took it over, he must first offer to sell it to the co-operative, and

can only sell to an outsider if the co-operative is unwilling to purchase. The co-operative, further, takes any profit from sales to a third party or from sub-letting. In many countries houses on which there is a mortgage may only be alienated with the permission of the co-operative and not at a profit. In Switzerland even transfers to members of the owner's family are subject to the co-operative's permission.

In Malaysia, an original check on speculation in co-operatively built housing has been devised. This takes the form of a temporary tenancy. When a co-operative lends to a member in order that he may build on his own land, the site is transferred to the ownership of the co-operative and the member becomes a tenant of the co-operative till the loan is repaid. This puts the co-operative in a somewhat stronger position as creditor than if it only held a mortgage on the house. It also means that the tenant cannot sell if the value of property rises, or he is unable to meet his obligations, or both.

In those co-operatives in which the ownership of houses remains permanently with the co-operative as a corporate body, the member usually receives a life tenancy or permanent right of occupation. This is the system, for example, in France, Germany, Poland and the Scandinavian countries. In some countries, however, it is merely affirmed that the lease should not be arbitrarily terminated, and in the United States, with an extremely mobile population, given to frequent changes of occupation and residence, there seems to be a preference for short leases and no explicit provision for life-tenancy, though an occupation right would seem to be assumed.

3. TRANSFER OF DWELLINGS

Many people otherwise attracted by the idea of co-operative housing are concerned as to rights and interests should they be compelled to move, perhaps because their work has moved, to

some other part of the country. How much of the capital they have invested in their house will they be able to recover? Will they be in any better position to secure accomodation in the place to which they are going than if they had not been a member of a co-operative? Will they have any say in the choice of a tenant to succeed them? If their absence is likely to be no more than temporary, will they be able to sublet? What will happen when they die? In particular, will the surviving partner of a marriage be able to remain in his or her home?

In co-operatives aiming at house ownership for their members, the position does not differ materially from that of any owner of a mortgaged house, though the co-operative may want to interview the new occupier to make sure that he is solvent and otherwise acceptable, and there may be restrictions on sale for profit and on subletting.

The problem only really arises in an acute form in the case of co-operatives for permanent tenancy. To take first the case in which a member dies: in most countries members are allowed to leave their right of occupation by will, though legatees are sometimes restricted to near relatives, and in some cases the consent of the co-operative is required.

As regards transfer during a member's lifetime, members are free to leave a housing co-operative at any time, but the transfer of a dwelling from a resigning member to a new member calls for the approval of the co-operative or, in practice, of the committee. In Sweden, the procedure is that the retiring member sells his rights to a successor who has been approved by both the "daughter" and "parent" co-operatives of which he is a member. The practice may cover the original capital payment and the payments towards the amortisation of the loan which he has already made, but not the interest nor any other charge. In Norway, on the other hand, the member who is leaving may recover the initial capital payment but not the amortisation which he has already

paid, as this is regarded as rent. If the interior of the flat is in bad repair, a deduction, assessed by a tenants' committee, may be made to cover the cost of repair and redecoration. In the United States, members wishing to leave must first offer their share in the co-operative (which gives them their right of occupation) to the co-operative, which may accept, refuse or transfer it. According to rules recently drawn up in the United Kingdom, the member who is a tenant of his house or flat may not leave it by will to anyone but another tenant. This would seem to envisage joint husband-wife tenancies. Those who resign may be repaid the capital invested, and consideration will be given to any increase in values which may justify compensation. This seems to be the only country in which the increased value of all house property and consequently of any alternative housing which the resigning member will have to acquire has been taken into account.

The object in every case is first to give the member complete security of tenure, unless he grossly abuses his position; secondly, to make it impossible for him to use membership in order to make a speculative investment in house property; thirdly, to allow him to leave his dwelling without financial loss; and fourthly, to make provision for the natural human wish to transfer what has been a family home to a surviving partner or to the children of the marriage. Finally, the object of the co-operative is to create a mutually congenial community as well as a solvent undertaking, and this means some control over the choice of members not only at formation, but throughout the life of the co-operative.

The balance between these objectives is not easy to strike or to embody in rules which will work with automatic justice in every case. A good deal depends on the wisdom and commonsense of the committee by which they are interpreted. There would also seem to be scope for appeals to the arbitrators of a higher authority, say the committee of a national co-operative

housing association or a special board set up by it. It is not clear, however, whether such machinery exists in many organisations nor how often it is in fact used.

One or two European countries complain of a high turnover of co-operative tenants, and are inclined to regard this as a fault in social attitudes or social mechanism. The Scandinavian and American experience is that turnover is very low. This is interesting in view of the frequency with which American households in general are known to move house. It would be risky indeed to accept a low rate of turnover as evidence of the success or failure of a co-operative housing scheme without some knowledge of the general turnover rate of the country concerned or even of the profession of the members. This is particularly true of many Asian and African countries. There the most likely prospective members of a housing co-operative are civil servants, and the custom is to post civil servants to one district for a few years and then move them on to another. In such countries an acceptable method of relinquishing, exchanging or sub-letting dwellings may have to be found before a housing co-operative can even be considered.

Housing co-operatives in several countries are beginning to take into account the fact that members not only die and wish to dispose of their interest by Will: they age, and as they age the family group alters. The Norwegian co-operatives with, on the whole, a membership of young married couples, are already looking forward to the position when ageing members will no longer require so much space and will be ready and perhaps anxious to move into smaller quarters. This will release space for new families. But all such changes have to be brought about with tact and with respect for the attachment which elderly people feel for their homes after nearly a lifetime's occupation.

In a housing co-operative on the tenancy plan, some power of expulsion must rest with the co-operative, however rarely it is used. However careful the initial selection, wilful failures

to pay moneys due, and grossly anti-social conduct occur and cannot be allowed to continue indefinitely. The United States provides for the compulsory repurchase of a member's shares, which would imply surrender of the house or flat. Hong Kong provides that the co-operative may resume possession if the member fails to pay his rent, but also safeguards the position of a widow where such a failure would endanger her chance of retaining her home. Sweden provides that a member can be expelled by the unanimous wish of all the other tenants. Although these provisions exist, it does not seem that they have often been used, or that trouble due to lack of personal discipline on the part of tenants has been a major source of difficulty in housing co-operatives. Indeed, a group of co-operative apartment blocks of New York, tenanted by rehoused slum dwellers, has a remarkable record of freedom from juvenile delinquency.

4. RENT AND AMORTISATION OF LOANS

Actual rents expressed in terms of money mean little. They must be considered in relation to accommodation and amenities on the one hand, and to the general level of wages and cost of living on the other. However, the basis on which rents or other payments are calculated, and their relation to the incomes of members, have a much more general meaning, and can be subject to international comparisons.

Tenants' co-operatives in many countries fix their own rents. They cover the interest and amortisation of the loans which the co-operative has contracted, plus the cost of managing the property. In Norway the management fee which the "daughter" pays to the "parent" co-operative is calculated on the basis of members' share capital, and is treated as an expense separate from the maintenance and servicing of the building. Central heating, where it is supplied, may raise the rent considerably. As the loan is repaid, interest charges will fall. Both in-

terest and amortisation will eventually cease when the whole loan has been repaid. In some countries the reduced interest charges are reflected in a reduction of rent. Elsewhere it is assumed that as interest charges fall, the cost of maintaining an ageing building rises, and it is planned to leave rents unaltered. This calculation may be influenced by the belief that prices and wages will continue to rise over the years as they have done for many years past. In this event, even if the actual figure remains unchanged, rent will become a less important item in members' expenditure, while the cost to the co-operative of repairs, though not of interest, will rise. In the Indian tenancy co-partnership co-operatives, rents are paid until all the borrowed capital has been paid off. Thereafter, the buildings remain common property, and members are issued with shares corresponding to the payments made.

In many countries some form of public control is applied, either to all housing, to housing under a certain rateable value, or to all housing built with a government subsidy. This may restrict the freedom of the co-operative to fix its own rents at an economic figure, though in some countries the element of loan repayment may be treated as something outside the scope of ordinary rents and special arrangements may be allowed. In Finland, rent is subject to the overall control of the government housing agency. In Czechoslovakia rents may not exceed 7-10% of members' income and, if this does not cover cost of maintenance, a government subsidy is available. The figure of 7-10% of income is low and may not include amortisation of loans. In most European countries the aim is to keep rents at 20% of members' income, but this is usually achieved by careful planning, aimed at keeping actual costs within limits, which a rent at this level will be adequate to meet. In the Netherlands, where rents are fixed by the local authorities, public subsidies, calculated on costs, are available to the co-operative, but the tendency has been to taper them off as rents are gradually brought up to an economic level. In France

there are statutory maximum and minimum rents. Where the rents paid by co-operative members might exceed the maximum, they may be reduced by the payment of interest on members' shares and sometimes bonus on the profits of the undertaking as a whole. In Austria the rent covers the formation of a reserve fund. In the United States it is simply stated to be on a "non-profit cost basis".

In countries where the member is hire-purchasing his house rather than renting it, the position is a little different, though most of the same costs have to be met. In Malaya loans are repaid monthly, together with interest payments at 1% above that which the co-operative itself has to pay. The margin provides for the overheads of the co-operative. There is also an annual charge for maintenance and a subscription for social services. In some cases a mortgage redemption insurance may be required. In the mainly middle class urban housing co-operatives of Hong Kong, the tenant has free possession of his house from the time the loan is repaid, to the termination of the 99 year lease on which it is held, when the land on which it is built will revert to the government. In Hong Kong housing co-operatives for fishermen and market gardeners, the members pay a monthly rent covering upkeep and a contribution to a revolving fund.

5. MAINTENANCE

In most housing co-operatives the co-operative is responsible for maintaining the fabric of buildings as long as they remain co-operative property. In most European countries tenants, and those who are in course of hire-purchasing their houses, are responsible for interior decoration and minor repairs, though this may be at the decision of the co-operative; or it may retain the right of occasional inspection and the execution of neglected repairs at the tenant's expense. In some co-operatives tenants are prepared and permitted to extend their responsibility for repair and redecoration in order to lower

rents. In Germany, however, the co-operative is usually responsible for repairs, maintenance and modernisation, as well as for maintenance of gardens and other common services. This calls for the employment of labour and large co-operatives, or a group of co-operatives may find it advantageous to employ not only their own caretakers and boilermen, but their own electricians, plumbers, decorators and gardeners.

6. MEMBERS' COMMITTEES AND SOCIAL SOLIDARITY

Committees elected by the members at their annual general meeting are a practically universal feature of all co-operative housing. They are indeed an essential to the co-operative form of organisation and are the practical expression of the principle of democratic control. The only unexpected feature of housing co-operatives in this field is that the principle of committee management has in some cases been more variously and perhaps more loosely interpreted than in most other types of co-operative, and sometimes appears in a rather attenuated form.

The meaning of the term "committee" varies greatly, and there may be provision for more than one type within one co-operative. The range of committee responsibility, in fact, is from complete control of all aspects of a housing project to a limited advisory role in respect of a single block of flats. Not only the responsibility of the co-operative, but the range and intimacy of its contact with individual members may vary very greatly. A local advisory committee may know its members, and though this may be a strength, a committee of this kind may perhaps all too easily become a mouthpiece for the grievances of a few, rather than an attempt to play a more creative part. On the other hand, the committee of a large, perhaps regional organisation, may be democratically elected and exercise real managerial responsibility, but may in fact cover too many projects to be in very close touch with the wishes and problems of the ordinary members of any one housing unit.

In the "parent-daughter" societies of Scandinavia, the problem of combining real responsibility with expertise on the one hand, and personal contact on the other, seems to have been satisfactorily solved. As will be recalled, members who have received houses continue to belong to the "parent" co-operative, which puts experience, resources and technical knowledge at their service. At the same time, they take responsibility, through the "daughter" co-operative, for the local project in which they actually live. This state of affairs has not been reached without a consciously devised campaign of education. The National Housing Association of Sweden, for example, circulates a monthly magazine regularly to all members of housing co-operatives. It prepares reports, pamphlets, films and film strips. It arranges lectures and exhibitions. It has training courses for co-operative housing staff, from accountants to caretakers. It also organises courses for committee members, all with appropriate textbooks prepared by the Association.

The French housing co-operatives, especially of the Paris region, appear to have achieved a devolution of control and interest somewhat similar to that of Scandinavia. In Switzerland, although the "daughter-parent" device is not used, much attention is paid to the active participation of members. Democratic machinery, it is said, only works satisfactorily through a continuous educational effort. Members are urged to attend general meetings and to follow the business. Tenants' meetings (for single projects) and quarterly meetings are held. Efforts are made to secure the active interest of women as well as men. It is they who are most intimately and continuously involved in the house in which they live. It is often they who have comparative leisure to give to improving the resources and maintaining the social life of a housing project.

In some countries with old, large and possibly rather conservative co-operative housing movements, a measure of criticism has been directed to the functioning of housing committees, especially when all real power rests with an area or regional organisation and local committees are at most advisory. In some countries criticism has been made that housing co-operatives are over-managed, that there should be more collaboration and consultation between paid management and unpaid committees, which would attract more ordinary members to attend and take part.

It is perhaps worth considering whether the Central European system of general meeting, supervisory committee (meeting very infrequently) and small paid executive, though honoured by tradition, may not be less conducive to democratic responsibility and interest than the single unpaid committee which is the usual form elsewhere.

The co-operative institution of the annual general meeting at which the Committee is elected has already been noted. Not much has been reported on the attendance at the annual general meetings of housing co-operatives in different countries, nor of the conduct of business nor the degree of interest shown. It is normal experience in other types of co-operative that interest is keen and attendance large in the early years, but that in a successful co-operative, interest gradually becomes less keen and attendance less numerous. This is to be deplored, if only because it leaves committees unchecked and often reduces elections to a formality. When this happens, inefficiencies and even abuses may creep in. The co-operative ceases to be sensitive to its members' needs, grievances begin to foster, and when a large and angry meeting at last assembles, much damage has already been done. Every effort should therefore be devoted to preserving the annual general meeting as a living and popular institution. In large co-operatives, on the other hand,

such a meeting may be unfeasible and may be replaced or, where the law or the bye-laws provide so, may even have to be replaced by a meeting of elected delegates.

The position of tenants' committees on housing projects constructed by consumer co-operatives or trade unions is rather different. The usual custom, at least in Scandinavia, is to transfer management to a "daughter" co-operative as soon as the tenants have settled in. There is no reason to doubt the genuine character of this arrangement or the sympathetic attitude of the building organisation to the local co-operatives it has formed. The fact remains that the tenants have their "daughter" co-operative, but only an indirect and minority voice in the management of the "parent" organisation. It is difficult to say how important in practice a difference of this kind is likely to be.

CHAPTER IX

TERMINATION

As already noted, there are two forms of housing co-operative, conveniently called, in Australia and elsewhere, the "terminating" and the "continuing". A terminating housing co-operative is one in which loans, expert advice, perhaps bulk purchase of materials enable the members to build their own houses and pay for them over a fixed period. When payments have been completed and the houses are legally in the full possession of the members, the co-operative is wound up. The law and the rules provide a simple procedure for this operation, which must include the payment of any debts which the co-operative as such may still have outstanding (for example, tax claims), and the disposal of any assets which remain in its hands. Such assets may be distributed on an agreed system among the members or, more frequently, transferred to some other organisation providing low cost housing.

It should not be assumed that all co-operatives which aim at house ownership are necessarily wound up on the transfer of the last house to its owner. Some remain in being in order to administer the common services or amenities of the settlement and to give members a chance of exchanging views on how it should be conducted. Its financial responsibilities are reduced, and its power over its members is less, but it may still have useful work to do. Other co-operatives decide to continue their activity by setting themselves the task of a new housing project in order to provide house ownership for new members or to construct housing to be rented to other members in need of housing.

The aim and purpose of a tenancy co-operative is to be permanent and maintain indefinitely the joint ownership and manage-

ment of a housing project. It is recognised, however, in the co-operative law or rules of several countries, that there are circumstances in which the members of a housing co-operative may wish or be compelled to wind up its affairs. It may be in financial difficulties through bad judgement or circumstances over which it has no control, and may be unable to meet its obligations. The members may have lost interest or there may be deep divisions among them, though there does not in fact seem to be any record of such occurrence. On the other hand, the co-operative may, through change in land values and shifts of population, find itself in possession of property valuable out of all proportion to the payments made by members. In such circumstances, they may be tempted to realise the accrued value, through a speculative sale, the dissolution of the co-operative and the distribution of its assets to the members. This is not the purpose for which it was formed or for which it received aid from public funds.

In several countries these possibilities have been taken into account in the law and in the rules of the co-operative. In particular, there are provisions to prevent the speculative sale of co-operative property. In Denmark, for instance, it is laid down that co-operatives must remain permanently in operation and that the site and the buildings on it must continue to be the property of the co-operative. In the case of houses put up by a co-operative of building trade workers the position is rather different, since the trade union may not wish to remain in the position of landlord indefinitely. It is provided, therefore, that the property must not be transferred to private ownership but must pass to the local authority should the co-operative be wound up. Alternatively, in some countries it may be transferred to a co-operative formed by the tenants.

In other European countries it is also laid down that if a housing co-operative is wound up, its property must not be transferred or distributed to individuals but must pass to another

organisation with the same objectives. Further, any sale of the property must be at cost price. Elsewhere, no disposal of property is permitted without the consent of the local authority, to which it must first be offered in the event of liquidation. Alternatively, it may be simply laid down that there should be no distribution of profit on the liquidation of a housing co-operative.

It might be argued that so complete a denial of the changes in the value of capital assets which may well take place during the period of 25-30 years which a housing co-operative needs to pay off its loan, is itself unfair to the members who could have invested their money to greater advantage elsewhere. In fact, prospective members who realise this possibility might well be deterred from joining a housing co-operative at all. The point has been raised in other co-operatives (especially agricultural co-operatives) and has sometimes been met by a permitted revaluation of shares. It is usual, however, to retain the principle of an indivisible reserve fund, which, on the liquidation of a co-operative, may only be used for a public purpose, including the formation of another co-operative. On the whole, it would seem right to retain the full safeguards against a speculative winding up, while considering a possible revaluation of shares which would give the member resigning individually a capital payment based on the current value of his dwelling, and so making it possible for him to acquire a similar dwelling elsewhere. The case of a co-operative collectively selling a valuable site in a crowded city centre in order to move to a suburb and build again, also needs to be considered.

The difficulty is that the earlier housing co-operatives were initiated and their rules drawn up in a relatively static situation, in which money values changed very slowly, people gave up their jobs and places of residence less frequently and families, though their composition might change, broke up much less

readily into smaller units than they do today. These are some of the aspects of co-operative housing in a more mobile society which may have to be re-studied.

CHAPTER X

HOUSING BY CO-OPERATIVES OF BUILDING WORKERS OR CONSUMERS

A number of references have been made to co-operatives of this type, but mainly in regard to their relationship with tenants and the degree of co-operative responsibility which the latter are able to assume. It may well be, however, that in some countries interest in co-operative housing may first be aroused among building workers rather than among prospective occupiers of houses. It would seem useful, therefore, to give a rather more consecutive account of the aims and methods of these organisations.

1. WORKERS' PRODUCTIVE CO-OPERATIVES

Among the original aims of the co-operative movement in Europe was the establishment of Workers' Productive Co-operatives, also called self-governing workshops or co-partnership associations. Workers, usually in a skilled trade not requiring massive capital equipment, took up shares in a co-operative, which then acquired and equipped a workshop or small factory in which the members were employed. Management was in the hands of a committee, elected by the worker members. Regular wages at the recognised trade union rate were paid, but at the end of the year any profit or "surplus", after meeting the obligations of the co-operative and making a contribution to reserve, was divided among the worker-members, usually as a bonus on their wages in the past year.

Co-operatives of this type have had a rather limited success in Great Britain but have played a more considerable part in France and Italy, as well as in India and other Asian countries. Among other industries in which they engage is the building trade. In

the early stages, at least, this did not involve the setting up of a workshop or the purchase of much in the way of equipment. The members usually covered between them the full range of building skills, though co-operatives of masons, joiners or other specialists may be found in some European countries. The more comprehensive groups might employ their own foreman, clerk of the works and possibly architect and accountant. These professional workers were not at first always members of the co-operative, though it is now usual to include an agreed percentage of professional men, with the same rights as other members.

A builders' co-operative enters into contracts with private persons or public authorities to build houses, schools, factories, hotels or other buildings. The initial difficulty has always been finance. Although workshops and (in earlier years at least) expensive plant were not required, the building industry, like agriculture, has a slow production cycle. Materials have to be purchased and labour paid for many weeks before the client expects to make his first payment to the builder. This time-lag broke the first attempt to set up Builders' Guilds in Great Britain immediately after the First World War. In France and Italy builders' co-operatives have been more successful, because, among other things, they were given a certain preference in the allocation of government contracts and in the second, there were housing and other banks which, with government backing, were prepared to lend to them on favourable terms. In Italy and in some Asian countries, building workers' co-operatives have played a considerable part as contractors working for housing co-operatives of prospective owners or tenants. A single co-operative may undertake the whole contract or it may be split up among a range of specialised craft co-operatives.

2. TRADE UNION BUILDING AND HOUSING ENTERPRISES

The approach in some countries has been rather different, since it has come from building workers' trade unions, rather than

from co-operatives. In Germany in the 1920's workers in the building industry, through their trade unions, organised their own building companies, similar to the organisation of building craftsmen in the middle ages; in spite of the shortage of capital they operated with some success but were later suppressed by the Nazi regime. In Sweden the initiative came from the Building Woodworkers' Unions. The aim was increased and better planned housing, security of employment for building trade workers, and a knowledge of building costs regarded as an aid in trade union negotiations. The first contracts were entered into in the early thirties, when the economic depression was only just coming to an end. During the Second World War there was a renewed slump in building, with heavy unemployment and falling wages among building trade workers. A centralised organisation was then set up under the name of the Swedish National Building Company. Membership was originally confined to building trade unions, their local organisation and branches, together with local tenant-owner co-operatives and certain productive enterprises. Membership was later widened to include the Confederation of Swedish Trade Unions, and some of its affiliated unions, including those of the municipal, metal and factory workers and their branches. A majority of shares, and therefore of votes, continues, however, to be held by the building trades unions.

The National Building Company began by working through a number of local societies, but these have now been reduced in number, and their activities confined to the field of public relations and the formation of tenants' co-operatives. Their economic functions have been transferred to 24 district offices, which are an integral part of the National Company. Actual construction, however, is the function of 12 regional productive enterprises all owned by the same trade unions which are the shareholders in the National Company. Besides houses for co-operatives, the company undertakes housing for local authorities and other non-profit organisations, as well as the construction of halls, schools and office blocks. It has de-

partments dealing with finance, planning and contracts. It carries on research into land-use, standards, the demands and preferences of house occupiers, the care and maintenance of buildings and other topics.

The company has set up a number of subsidiary enterprises, grouped in the Productive Company, which buys building materials, owns a cement factory and hires out cranes. It also owns and controls a paint company and one making heating and sanitary fittings. A Central Finance Company provides working and investment capital for all these productive enterprises. It also owns undertakings producing cut stonework and wooden kitchen fittings. The group includes a road construction and civil engineering company. Other supporting institutions are two consultancy firms, a women's council and a home savings plan, through which regular depositors may borrow in order to make down payments on their flats or houses on favourable terms.

In Denmark there are also a number of co-operative housing societies set up, usually in the form of joint stock companies, on the initiative of the building trade unions. Membership usually consists of workers' productive co-operatives (also set up by the trade unions) who hold the majority of the shares but sometimes includes representatives of local authorities and of urban consumer co-operatives. Individual members are not as a rule admitted, though some include individual employees. Prospective tenants do not become members nor do they form co-operatives on taking over their dwellings. They have therefore no influence over the organisation. Trade unions also participate in the national advisory and managerial organisation, Workers' Housing, which includes all varieties of co-operative and other types of non-profit housing, besides local and national authorities.

Housing in Israel owes much to trade union action, but the pattern is not the same as in Scandinavia. In the early years of

settlement the Histadrut (the Jewish Confederation of Labour) acquired land through the Jewish National Fund, financed building projects with loans from the Jewish Workers' Fund, and carried out actual construction through its subsidiary building firm, Solel Boneh. Later, it set up a housing centre and founded the company now known as Shikun Ovdim, to acquire land, develop it, plan and finance projects and organise and represent the occupiers. Completed housing projects are later transferred to co-operatives formed by the occupants but with "decisive influence" exercised by the central economic organisation (Hevrat Ovdim) of the Histadrut, which owns all founder and ordinary shares and is a third party to all selling and sales contracts.

Trade unions in the Federal Republic of Germany have set up "Neue Heimat", a large-scale housing enterprise, in fact two groups of enterprises, a non-profit housing company and a company for urban development and renewal, each with a number of specialised and regional subsidiary firms. They built 10,257 housing units in 1978, and of the total number of units built by all non-profit housing enterprises in the country they had a market share of about 20%. About half of these units are intended for sale to individuals. In addition to their own stock of about 300,000 housing units, they also manage housing projects for others. Subsidiaries specialise in municipal, hospital and commercial building projects, and an international subsidiary with associate companies in several countries of Europe and other continents plans and manages building projects abroad.

In the United States it was the trade unions, especially those of the New York clothing workers, who first formed a limited company, the Amalgamated Housing Corporation, to build co-operative apartment blocks. Many other trade unions have also established housing enterprises.

3. CONSUMER CO-OPERATIVE HOUSING

The part played by consumer co-operatives in housing is usually more limited and has probably only been of outstanding importance in Finland, where the first important co-operative initiative to include housing among co-operative objectives came from the "Progressive" Co-operative Union (KK), hitherto principally concerned with consumer co-operatives and insurance. In 1938 this organisation, together with the allied Co-operative Wholesale Society, Co-operative Insurance Society and the Helsinki retail co-operatives, combined to form the Helsinki Co-operative Housing Central, with the immediate object of building the Olympic Village for the Games which should have been held in 1940. Later it undertook house building on behalf of local housing societies, local authorities and private firms interested in housing projects for their workers. Later still, a number of local housing co-operatives were formed, but the membership still consisted of local and national co-operatives and local authorities rather than of individuals. The Progressive Union has its own housing department, which undertakes designing and planning but employs local contractors to build.

In Sweden, the Kooperativa Förbundet (KF), the consumer co-operative wholesale society and union, has made a relatively small but distinguished contribution to Swedish housing, through well designed housing projects for its own employees. In Switzerland the Consumer Co-operative Union (VSK) has built a co-operative garden village, paying particular attention to the quality of social life which it was hoped to invoke. In Great Britain in the past, a number of consumer co-operatives launched small local housing projects for the benefit of their members.

The opportunity for consumer co-operatives to play a part of any importance in housing really depends on the strength of their own position. A consumer co-operative or union of co-operatives with ample reserves, may well invest them in housing

for their members or employees, and at the same time bring new, more convenient or more agreeable ways of living within their reach. This is all the more possible if the co-operative already has its own building department with experience in putting up stores and factories and perhaps with capacity to spare for other projects. Many consumer co-operatives today, however, are either still in the pioneer stage or are reorganising and modernising their shops and other permanent equipment to meet changing conditions. In neither case are they likely to have capital or labour to spare for housing projects.

The trade union basis of co-operative housing may well be of wider application, but it depends on good organisation of building trade workers and again on access to ample capital resources, either from long accumulated trade union reserves or from public funds.

CHAPTER XI

STAFF AND STAFF TRAINING

Co-operation is not a magic formula, nor can it be relied on to succeed merely because it is based on social principles which are right in themselves. A co-operative is a business, and like every other business it depends for its success on good management. Every co-operative needs a well-qualified, competent and energetic manager or managing secretary, with supporting staff from whom he can evoke efficient and willing service.

This state of affairs is not always as easy to bring about in a co-operative as it is in a private business. In the first place, appointments and general policy are in the hands of a committee, the members of which may not themselves have had much business experience. They may make appointments for the wrong reasons - because the candidate has an ideological interest in co-operation; because he is a local man; because he will accept a low salary; because he is already known or perhaps related to members of the committee. None of these things are necessarily disadvantageous (other things being equal, an interest in co-operation is obviously an advantage), but they are chancy grounds for selection unless combined with business knowledge and business habits, ability to organise a subordinate staff and to remain on terms of mutual respect with committees and members.

A housing co-operative appointing a chief officer for the first time may be inclined to begin with a part-time secretary, and this may not be wrong, if the work is not enough to occupy a man full time. But unless the project is a very modest one, it must be recognised from the beginning that this is an interim solution, and that as work increases, the secretary must either give up his other appointments or yield his place to a full time member of staff.

The formal qualifications of the manager of a housing co-operative cover a fairly wide range of experience, and it may be necessary to take a candidate with one type of experience and hope he will acquire the rest. He must have a familiarity with accounts and costings, the way in which they are determined and how conclusions are drawn from them. He must be able to find his way about co-operative and housing laws and local government regulations. It is desirable that he should have some previous experience of building, surveying or architecture, though he need not hold high professional qualifications. Without necessarily being a co-operative evangelist, he should at least have some understanding of co-operative methods and some sympathy with co-operative objectives.

It should be admitted that co-operatives, especially co-operatives working in isolation from one another, may have special difficulties in getting the right staff. In the first place, they often cannot or will not pay adequate salaries. In the second, they often cannot offer an adequate career structure. In the third, they often fail to set up a proper scheme of retirement pensions until the first generation of staff have already been working for many years.

As regards salaries, co-operative committees are often made up of men and women who are not themselves highly paid. They find it difficult to realise that a man whom they appoint to run a co-operative business for them may have to be paid more highly than they are themselves. Further, they may be giving unpaid service and sacrificing leisure to promoting and supervising the co-operative, and they are inclined to expect similar sacrifices from their paid employees. This is unreasonable.

Sometimes it is difficult to persuade the committee of a co-operative of the need to pay a reasonable salary to its chief officer. The secretary or manager must of necessity have special skills. He is obviously doing something few of his members

could do themselves. He is quite likely to have a professional association which lays down salary scales. Pensions on a contributory basis should be included from the beginning, if only to provide an inducement to long service. In most countries there are organisations, sometimes themselves co-operative, which operate pension schemes at reasonable cost and can give professional advice as to the conditions and level of contributions on both sides.

The question of career structure is more difficult. An organisation with a restricted staff or with a staff of which only one or two have professional qualifications, can obviously offer only very limited chances of promotion. This difficulty disappears as soon as housing co-operatives are numerous and are linked in regional and national federations. The young man entering as clerk or accountant then has the opportunity to move to a larger co-operative, to move back to the senior post in a small co-operative, and perhaps to end up doing responsible work in a national organisation.

The chief officer of a co-operative is chosen by the management committee or supervisory committee, except in those cases where the committee has entered into a management contract with a federal organisation. In this case the federation may make the appointment, usually after consultation with the local committee. In a large co-operative, one or two senior appointments are usually made by the committee, but an attempt by a committee to settle all appointments down to those of junior clerks and boiler-men is usually a time-wasting mistake which does not lead to efficient working. It can also open the way to personal influence and favouritism. It may perhaps be urged, however, that members, acting through their committees, should have some say in the appointment of subordinate staff, such as caretakers and gardeners, with whom they will have frequent personal contacts, as tenants of the co-operative.

It is usually said that the committee of a co-operative should lay down general lines of policy and leave paid staff to carry them out. This is undoubtedly true of a co-operative carrying on business such as marketing or distribution, where large staffs have to be controlled and decisions, often involving considerable sums of money, have to be taken at short notice. This is not true to the same extent in a housing co-operative, where decisions of this kind are infrequent, and the working of the co-operative intimately affects the lives of all its members. This may well call for more effective committee decisions and more frequent consultation of the ordinary member, through general meetings and perhaps in other ways. This in turn requires special aptitude on the part of the chief officer, who must be able to work with his committee, neither imposing his will nor too unquestioningly submitting to theirs.

It should be unnecessary to say that the staff of housing, as of other co-operatives, should be honest men. It should perhaps be observed, however, that men handling tenders for valuable building contracts, recommending on the purchase of building sites and perhaps making large wholesale purchases of building materials, may well be exposed to greater temptations than those in other lines of business, and that a fall from complete rectitude may be particularly difficult to detect. This is an argument for the payment of good salaries, as well as for vigilance on the part of committees and of those representatives of local government authorities or national federations who may be appointed to take part in their work. The custom of "bonding" staff members handling or deciding on the use of money is only a partial solution.

Most co-operative movements, whatever their objects, provide some form of training for their staffs. This may take the form of full time courses (up to two years in duration) at a national residential college, owned and managed by the co-operative movement. The college or some other institution may

provide shorter courses lasting a few weeks, generally in some specialised field - cost accountancy, transport management, seed selection - and often interspersed with attachments to well-run co-operatives handling the type of business in which instruction has been given. There may, in addition, be correspondence courses for those who cannot be released for residential study, or short locally organised courses designed to stimulate the interest of junior and middle grade employees, and give them a chance to learn, as a team, the latest methods of carrying out their duties.

As far as is known, there is no specialised college for housing co-operatives in any country. This does not mean, however, that nothing has been done to train employees. In Scandinavian countries and in the Federal Republic of Germany, courses are run for a number of grades of employee, as well as for committees and ordinary members. This is accompanied by a considerable output of textbooks and periodicals designed for the same purpose.

All this should tend to rouse interest as well as stimulate efficiency and should provide a housing co-operative with a staff of loyal and enthusiastic employees who take an active interest in the work of their own organisation and feel themselves part of a larger body of men and women serving the wider interests of housing and co-operation.

In building co-operatives of which the members are not house-occupiers, but building workers or their trade unions, the position is likely to be rather different. The trade union is a comparatively detached body and the relations between managing committee and staff will be not unlike that in other types of housing co-operative or even a private business. When, as in the builders' co-operative, the committee, and perhaps also the managing secretary, are directly elected by the workers, problems of work discipline and conflicts of in-

terest between the co-operative as a business and the individual interests of workers are likely to arise. The solution of such conflicts belongs perhaps more to the history of workers' productive co-operatives than of housing co-operatives, and is only noted here for the sake of completeness.

CHAPTER XII

CONCLUSIONS

Co-operative housing is to be found in well over 30 countries and in all continents and climates. It began in Europe, notably in Germany and Scandinavia, where it has had remarkable success on a national scale and has established forms and standards which should be studied and understood by all other countries interested in the development of low cost housing. Co-operative housing has also played an important part in the housing programmes of most of the other countries of Western Europe, often over a long period. In Eastern Europe it has an almost equally long history. Founded in the period between the wars, it continues to be used under the existing regime, as a major means of providing new houses. In a rather different form, beginning that is, with trade union construction, and ending with occupying ownership, co-operative housing has been responsible for the greater part of the urban housing of modern Israel. Recently, it has made striking progress in India, Pakistan and some other countries of South Eastern Asia.

Elsewhere, co-operative housing has had regional successes, in the Paris region of France, for example, and in New York, but organisation does not cover the whole country with the same intensity. In some countries it remains experimental, and has probably not yet found its final form. This is true of the American continent as a whole, perhaps of Australia, although the house-purchasing co-operative has long been established on a considerable scale. In the largely rural society of tropical Africa and in Asian countries apart from those mentioned above, little has so far been achieved. But these societies are changing rapidly, an urban middle class is growing up, housing standards are rising both in town and country; curiosity in new methods is beginning to stir.

As there is obviously considerable scope for the extension of co-operative housing to new countries and perhaps to new classes, it is important to decide whether it would in fact have advantages over the extension of national, municipal or even private housing. If its value can be proved, it is worth trying to discover what experience has shown to be the main conditions of success.

1. ADVANTAGES OF CO-OPERATIVE HOUSING

The principal value of co-operative housing would seem to be that there are, in all advanced societies, a large number of people who may not be able to provide their housing completely unassisted, but are still in a position to make a substantial contribution to that end. Such people may not need or wish for municipal or state houses. It may be recognised that their accommodation should not be a charge on the taxpayer, at least not in full. They may not, indeed, be legally eligible for subsidised housing. The state and the taxpayer may, however, be prepared to accept the slight risk involved in guaranteeing a loan from a financial institution run on normal banking principles or for the small charge incurred in reducing the rate of interest on the loan, or in raising the permitted rent payable to the co-operative. Such limited contributions can be used in a co-operative housing project to produce a quite disproportionate volume of new housing, built to a standard which should be acceptable for many years to come.

From the occupier's point of view the system is attractive, because he gains a measure of choice in the siting and design of his future home as well as in the character of his neighbours, which he would not get in a public housing scheme. He has, it is true, to make some initial sacrifice while he is building up his deposits and repaying his long term loan, but in the end he has in most co-operative schemes a solid asset in the shape either of a freehold house or of a permanent ten-

ancy or occupation right which he can bequeath or exchange for a similar right elsewhere.

It is widely testified that the selection of members and the co-operative system of democratic control have contributed substantially to the discipline of tenants in housing projects. The prompt collection of rents or loan repayments, the care and maintenance of buildings and the absence of conflicts, minor abuses and juvenile delinquency are all fields in which the co-operative projects seem to show better results than do those of public authorities. Selection, which is to a large extent self-selection of the members, is an important factor, which the co-operative is usually free to introduce. There are a number of conditions and pressures which would make such selection more difficult, if not impossible, in a public housing scheme. The result is first of all a social gain, but it also means that the property can be more economically run with a minimum of paid supervision, bad debts, physical damage or legal action. This in turn lowers the rents or other contributions which members have to pay.

On the constructional side, co-operative housing has often shown more awareness of new architectural trends and new technical devices than has public housing. It has been the first to adopt new methods and to adapt devices which first appeared in the homes of the wealthy, to the use of people with only moderate means.

Most co-operative housing schemes, on any scale, have gone beyond the simple provision of dwellings. Either alone or in collaboration with the local authorities, they have provided surroundings and services which make an aesthetic and social contribution to life in the neighbourhood, the effects of which may extend beyond the boundaries of the project itself. Their promoters have also given at least as much thought as have the local authorities to provision for special groups such as large

families, the aged and the single, as well as for transition of the individual membership of a normal family to inclusion in one of the other groups - or indeed vice versa.

A further advantage of co-operative housing on the basis of life tenancy is that while the member is secure in his right of occupation and can, in some cases, transmit that right by will, he is also in a position to leave at any time without financial loss or the anxiety of finding a purchaser or tenant. Moreover, he leaves with a sum in hand towards the acquisition of a new dwelling. In countries where industry and its infrastructure are developing rapidly, labour (including managerial labour) needs to be mobile. In many developing countries state employees of all grades are moved frequently to new posts. In all such countries an acceptable and socially controlled form of tenancy is an advantage both to the householder and to the national economy. On many grounds, therefore, it would probably be agreed that co-operative housing can fill a gap in the general housing programme of most countries, and that its methods deserve to be carefully studied.

2. CONDITIONS OF SUCCESS

A study of records of co-operative housing in some 30 countries suggests that there are certain factors, some or all of which have led to success on a large scale.

- (a) **CO-OPERATIVE EXPERIENCE:** In all countries concerned there has been a basic familiarity with the co-operative method of running organisations for economic purposes. This is outstanding in Scandinavia and Switzerland, where so large a part of the business of agriculture and distribution is already co-operatively conducted. It is also to be found in other countries, including India and Pakistan, where

the co-operative method has long been applied and is officially recognised, in India even by inclusion in the national constitution. In all these countries the co-operative method is not only familiar, it is natural and almost inevitable. Trained men, already experienced in its techniques, are available as leaders. The rank and file member is perfectly accustomed to government by committee and is ready to play his own part in a manner which is neither too passive nor too assertive. A legal framework exists with officials accustomed to its administration and generally sympathetic to co-operative development. It should perhaps be added that the converse is not necessarily true. A country like Great Britain, with a long and distinguished co-operative history, may have very recent and experimental co-operative housing, simply because other types of non-profit housing - in this case municipal housing - made an early start and for many years appeared adequate.

- (b) **GOVERNMENT ASSISTANCE:** In the second place, it is only fair to say that, however ready co-operative organisations have been to take the initiative and assume responsibility, it is unlikely that the co-operative housing movement, even in Scandinavia, would have grown to its present importance if it had not had the strongest support from national governments and local authorities. In some countries, indeed, local authorities have been glad to lay aside difficult and costly housing projects of their own, leaving the mass of new low-cost housing to be built by co-operatives while they concerned themselves only with the more limited objectives of slum clearance and the rehousing of groups with special problems.

Government assistance to housing co-operatives means, in the first place, an appropriate co-operative law, and in the second, finance. A general law facilitating the for-

mation of co-operatives usually existed before co-operation was extended to housing. Sometimes it has been necessary to supplement this with special laws, or to pass general housing laws which include co-operative housing within their scope. Often such laws are concerned with loans or subsidies available for approved projects, or with government powers to approve and make over land for this purpose.

The actual cost incurred by public authorities in support of co-operative housing is hard to assess. Much of it is in the form of guarantees rather than actual loans. These guarantees have never, so far as is known, had to be implemented or have involved the public authorities in loss. It may therefore be assumed that the cost has been relatively light. Where the loan has come from a fund constituted from public money, these resources, though they have finally returned to the Treasury, have been temporarily frozen and unavailable for other public purposes. To this extent a real cost has been incurred, more especially where the rate of interest has been kept below the economic level.

The element of subsidy, though it has come into play in some countries, has in general been small. In a few countries it has taken the form of paying the difference between an economic rent and the uneconomic rent established by statutory control. In a rather larger number of countries it represents the difference between an economic and a concessionary rate of interest on a loan from non-governmental sources.

Another field in which government, and especially local government, can aid co-operatives, is in the acquisition of land, sometimes through the use of compulsory purchasing powers. Local authorities can also do much to help co-operatives on the edge of towns by their readiness to develop land and lay on essential services.

In some countries government, either local or national, provides general technical aid and advice, but in Scandinavian countries it has been rather the other way about, the co-operatives using their experience to plan and sometimes to execute housing projects for the public authorities.

- (c) **SAFEGUARDS AGAINST ABUSE OF THE CO-OPERATIVE FORM:** With the provision on a generous scale of public support for co-operative housing has gone a strict control aimed at excluding abuse and incompetence. This has taken the form of measures to prevent private interests from infiltrating housing co-operatives through the checking of tenders and contracts and the limitations imposed on the membership of professional architects and builders in housing co-operatives. The same considerations underlie the provisions for local authority representation on co-operative boards.

Co-operatives in most fields are very jealous of their independence, and feel it to be an essential part of their character and the service which they can do their members that they are democratic and self-governing. They do not lightly admit any official membership of their governing bodies. Where they do so, a good deal of explanation is devoted to the special circumstances involved. If the co-operatives concerned wish to become members of the International Co-operative Alliance, the whole position is the subject of careful enquiry. It is a measure of the special position in which housing co-operatives are placed that many from countries with the most independent co-operative movement are prepared to accept a measure of local authority representation.

Co-operative housing projects are further subject to the control of town planning, to limitation on rents, where these are enforced by statute, and to minimum standards

of accommodation. In nearly all countries there is statutory insistence on impeccable auditing, whether carried out by a government department or (more frequently) by auditors chosen by the co-operative but approved, in one form or another, by government.

One type of co-operative housing might be thought to run counter to the general rule regarding the exclusion of interested parties from any position of influence. In the housing co-operatives of which the members are building trade unions or working builders, it might be argued that they have a personal interest in the undertaking, which is not the same as and might even run counter to the interest of those who are going to live in the houses. This is emphatically not the view which has been taken by the Swedish, Israeli or United States Governments, all of which include such organisations among those entitled to public support. This is justified by the fact that these organisations do in fact have a semi-public character, that they are well known to take a sympathetic view of the workers' needs for better housing, and also that public support brings with it an adequate measure of public control.

- (d) **OPEN MEMBERSHIP AND CONTINUITY:** Another important factor in success is the finding of a solution to the problem of reconciling open membership with selection. This turns out to be closely linked with the problem of continuity. The early housing co-operatives usually contrived to ignore the principle of open membership. They enrolled a group of mutually acceptable members for whom a self-contained housing project could be planned and financed. When it was completed and the loans repaid, the co-operative was dissolved. All the social experience and technical knowledge gained in the undertaking was immediately dissipated, and the next project had to start again from the beginning. Old mistakes were repeated and old solu-

tions painfully rediscovered. No national organisations, financial, commercial or advisory, were built up which could promote and supervise future development.

The system of "parent and daughter" co-operation in Scandinavia solved the problem of combining open membership and continuous building with permanent local responsibility for each housing project on completion and occupation. It also provided for continuity of housing activity in the country as a whole. Co-operatives on this plan are usually controlled at the higher level by householders and prospective householders acting together. Where the "parent" society is owned and controlled by trade unions, or even by consumers' co-operatives, though the problems of continuity and a measure of local responsibility are solved, the question of open membership is ignored or treated as of minor importance, and the organisation actually engaged in building does not necessarily contain any representatives of present or future occupiers.

A number of other European countries are making use of another solution. Apartments for rent remain the property of the co-operative, membership is principally open by law, and the co-operative is compelled to keep on building with some continuity for members or prospective members. In the case of the Federal Republic of Germany this obligation is tied to the enjoyment of tax benefits by these co-operatives.

- (e) **NATIONAL ORGANISATION AND COMMON SERVICES:** National organisations set up by the housing co-operatives themselves would seem to be an indispensable condition of success. The search for a solution to the problem of continuity combined with the tendency of all democratic and non-competitive organisations to seek mutual support, has led in most countries to the formation by local housing co-operatives

of regional or national unions or federations. These bodies are in a position to accumulate, over the years, massive centralised resources of social, legal, administrative, financial and technical expertise, which are at the disposal of their member co-operatives or of new groups seeking to form a co-operative. Some are bulk purchasers of building material or control a national building plan with a view to the most economical use of labour. Many have subsidiary companies supplying or manufacturing building components, fittings and furniture. They hire out building machinery. They have their own financial institutions prepared to make short term building loans or carry third mortgages. Such organisations are well placed to influence the public authorities, local and national, and so preserve and extend the working partnership between the state and the co-operatives.

Once this stage has been reached, with a strong and many-sided national organisation and the effective backing of the public authorities, co-operative housing is likely to go forward on its own momentum. Experience will direct the national organisation as to what projects should be encouraged or initiated, what contractors should be employed and what solutions should be applied to the legal, social or managerial problems which will from time to time arise.

There are, however, a large number of housing co-operatives in many countries which are now setting out as isolated units in unfamiliar circumstances to carry out a task of which none of their members has had previous experience. There are likely to be more such ventures in the years to come. If they are to succeed, attract imitators and eventually create a national movement, they will need something besides access to relatively cheap capital and the remote approval of a government department which may itself have little expert knowledge or experience of co-operative forms.

Some help may be received from other, longer established branches of the co-operative movement. Visits to older and more experienced housing co-operatives in neighbouring countries may be well worth the time and expenditure involved. International organisation may sometimes be called in aid, and will supply written information and in some cases advisors capable of giving technical aid. The linking of existing housing co-operatives in a national organisation should, however, take place as soon as possible, for a housing movement, like most other institutions, grows strong from within.

- (f) **SOME PRACTICAL OBSERVATIONS:** In concluding this section it may be of interest to quote the summing up of a Chilean writer* who has prepared a list of the principal causes of success or failure in housing co-operatives. Failure he attributes mainly to four defects: projects which are too ambitious or unrealistic; excessive cost, especially of building materials; bad judgement, dishonesty or lack of technical knowledge on the part of the committee of management; quarrels among members, lack of social homogeneity or loss of interest before the project has been completed or perhaps even begun.

For success he stresses the need for an organising nucleus of dedicated and instructed members. The rest of the members should be socially compatible and bound together by common interests. They should understand the co-operative method or be prepared to learn, through a study circle or in other ways. They should be agreed before operations begin as to what they want - houses or flats, town or country, hire purchase of individual houses or permanent tenancy of co-operative property.

* Dr. Carlos Burr. Las Cooperativas de Vivienda, Santiago. Editorial Universitaria, S.A. 1958, pp. 219.

There should be a careful preliminary examination of the scheme and the group must have access to technical knowledge. There should be a good choice of site, preferably where the urban services of roads, water, light and sewerage are already available. A good choice of architects and builders is important. An adequate source of finance at reasonable cost is essential. Once the decision has been taken there should be as little delay as possible in getting the project moving. Once it is complete, there should be a method of allocating dwellings which all members recognise as fair.

3. THE FUTURE OF CO-OPERATIVE HOUSING

- (a) URBAN HOUSING: Co-operation in housing is largely an urban and suburban movement catering for the rapidly growing towns of Europe, Asia and America. It is adapted to the needs of increasing population with increasingly middle class standards and the civic sense which enables them to take responsibility for collectively owned property. The movement is still far from reaching all its possible goals. Where it is already established, its value is unquestioned. Not only in Europe, where housing co-operatives are well-established in so many cities, but also in other parts of the world great efforts have to be made to enable the less well-to-do to benefit more from co-operative housing within their reach. It is obviously and essentially a long-term undertaking. There are many countries, including the United Kingdom and the United States, where there are still slums to be cleared, where population is still increasing and changes in the location of industry are reflected in strong internal migrations, as well as an influx from other countries.

Housing by public authorities, though it has great achievements to its credit, still lags behind need, and especially, perhaps, the needs of the better paid, the more far-sighted and the less easily satisfied. It is clear from the recent legislation, as well as from public documents such as the White Paper presented by the British Minister of Housing and Local Government in 1963, that the value and possibilities of co-operative housing are much more widely recognised today, even in countries where they had not previously had much official encouragement. Today, if a popular housing initiative is made in almost any country, if existing housing organisations, co-operative societies or trade unions decide on a more active policy, they may look for all the backing, including the financial backing, they require. It has long been recognised that bad housing is a cause of social distress. It has only been accepted in rather more recent times that it is also a cause of social disorder. This, in part, accounts for the official interest in co-operative housing.

It should be recognised, on the other hand, that in the highly developed countries of Europe and North America, current economic conditions are creating problems for the co-operative housing movement, however experienced, which bore much less heavily on the pioneers no more than a generation ago. Urban land is becoming increasingly costly and more and more difficult to secure. The rise in wages has doubled and trebled the cost of construction; neither the mass production of pre-fabricated parts nor the extension of self-build methods are solutions which can be applied everywhere.

Although most house-seekers today have higher incomes than at any time in the past, the constant social and, above all, advertising pressure for higher consumer expenditure, makes it harder for prospective members to save the initial down

payment on their houses. The half-conscious belief of many that inflation is a continuous and irreversible process sometimes inhibits saving, though it may also turn peoples' thoughts to the acquisition of a permanent asset like a house. This might lead to an increasing interest in ownership rather than in tenancy co-operatives. The advantages of the tenancy co-operative have already been discussed. The member, however, has invested in co-operative shares, not in negotiable bricks and mortar. It is at this point that the possible revaluation of shares, at wide intervals and in well-understood circumstances, becomes a matter for consideration.

The increased mobility of the population of many countries may also have an effect on the readiness of house seekers to involve themselves in a long term undertaking with fairly heavy responsibilities. People move from one place to another, from one industry to another, from one salary grade to another, which may make possible or even compulsory a considerably higher standard of living. This difficulty is likely to be of some importance in countries where there are only a few housing co-operatives. Where they are generally distributed, it is often possible to arrange an exchange, though it is not clear whether in any country anything like a central register has been set up with the object of keeping records of all those wishing to move, in order that exchanges can be effected. Such records would have to be kept constantly up-to-date and might involve a good deal of correspondence and other clerical work. In the Federal Republic of Germany a special "Ring of Housing Co-operatives" has been set up for the purpose of facilitating the provision of an apartment or house for co-operative members who are about to move from one locality to another. 221 co-operatives are taking part, and the record after several years of activity shows that more than half of the requests of such members have been filled.

This by itself would not solve the problem encountered in many countries, where capital cities are growing rapidly at the expense of the provinces and the current migration is nearly all in one direction. Some governments are trying to counteract this movement by the dispersal of industry and administration, the enlargement of existing towns and the building of new ones. Such a policy should offer opportunities for co-operative housing if they are located and seized before a purely governmental housing plan has taken irrevocable shape.

- (b) **RURAL HOUSING:** The need to replace housing with something which meets modern standards of hygiene and accommodation may be less urgent than the need to clear slums or house the newcomers to cities. It cannot, however, be neglected for ever. In many European countries rural houses may be a couple of centuries old, solidly constructed but with few or no modern amenities. In Asia or Africa they may be mud or grass huts. In either case they probably reflect domestic standards which belong to the parents, if not the grandparents, of the present generation of occupants.

Co-operative housing has made comparatively little progress among rural people in any country. The difficulties are obvious. The countryman does not want to live on a housing estate, still less in a flat. He wants to live on his own land. He may be prepared to live in a village or have inherited the village system from the past, when open country was a dangerous place, but wherever he lives the village must still be within a reasonably short walk of his fields.

The countryman wants a house of comparatively simple character which can often be built of local materials, though not necessarily used in a traditional way. Such a house may be difficult to mortgage, especially if the land on

which it is built cannot be mortgaged. This is the case in countries without land maps or freehold ownership, where land is held on some system of family tenure. It may also occur where social pressure will prevent anyone from buying land in the event of foreclosure.

The scattered character of much rural housing makes it difficult and costly to provide even elementary services such as piped water, in the house. Other services, such as main drainage, street lighting and made roads may, however, be postponed more easily than in a town, to a later stage.

The cash income of a peasant farmer is usually small, even if he has substantial resources of other kinds. His income is almost always seasonal and irregular. Unless he is a dairy or poultry farmer with regular sales throughout the year, he cannot be expected to discharge a debt by way of monthly payments. This might well have to be recognised when laying down rules for the repayment of debts to a housing co-operative.

On the other hand there are more favourable factors. The countryman usually has a building site, for which he will have to pay nothing. He is usually prepared to reduce cost by doing most of the building himself. He is probably a member of at least one co-operative already which may market his produce, supply the requirements of his farm or lend him capital for development. He therefore understands the system and the responsibilities it involves. He may be prepared to give his marketing co-operative the power to deduct loan charges from the sums due to him for the marketing of his produce. He may be prepared to accept a link between the size of his farm and the size of the house he proposes to build (the equivalent of the townsman's rent limit of 20% of total income) and so bring the debt incurred into relation with his power to repay.

It remains to consider whether farmers or others living in the country should be expected to form a special housing co-operative on the urban model, or whether the combination of loans, supply of building materials and technical advice, coupled perhaps with a government subsidy for the installation of water supplies and electricity, could be carried through efficiently and safely by the sort of general purpose co-operative which normally flourishes among farmers. Such an arrangement would obviously simplify the whole operation, and there are precedents in Europe and in Africa for a simple extension of services on these lines.

On the other hand, the risks involved would be substantial. Probably only a small minority of members want to build houses at any one time, but any loss incurred through the death or default of the borrower would have to be made good by the entire membership. Even a good loan, regularly repaid, would tie up scarce capital over a long period. A national co-operative for rural housing, using general purpose village co-operatives as its agents suggests itself but does not seem to have been tried. Such a co-operative would need either funds of its own available for lending, or access to such funds or to guarantees on which it could borrow. If the ideal agent were a general purpose primary co-operative, there would be no need for a specialised housing co-operative at regional or national level. Membership in a secondary housing co-operative might be made up of village co-operatives formed for other purposes, and it would have to be considered whether it should also be open to individuals or whether the latter should do their housing business only through their local co-operative.

The alternatives are (a) a simple system of long or medium term co-operative lending such as already exists in some countries, or (b) a self-build housing co-operative in

which farmers or other inhabitants of the country agree to rebuild at the same time a sufficiently large number of houses to justify joint action. This might cover co-operative purchase of materials, co-operative responsibility for loans and co-operative use of the technical, legal and other expertise of a national co-operative housing association, not necessarily dealing only with rural housing. The choice depends on local conditions, the strength of the existing local co-operative, the number of persons prepared to rebuild at any one time and the degree of financial aid, advice and supervision which public authorities or national housing organisations are prepared to make available.

- (c) HOUSING IN DEVELOPING COUNTRIES: The housing problem in developing countries is both urban and rural. Traditional rural standards are often, though by no means always, very much below those which most housing authorities would now recommend. The deficiency is often a matter of services, especially water supplies and drainage, rather than of accommodation, which may be more ample than in many carefully designed modern flats. Land is cheap, local materials and labour are cheap, and in many African villages large, if not very well built, houses are often put up by the more prosperous farmers on their own initiative and at their own expense.

The same thing occurs in and near towns, though here the motive is usually investment of a more speculative nature. Neither of these quite spontaneous developments does much to solve the problems of two important classes. The salaried workers in the middle grades of their profession who are not eligible for a government or company house, and the shanty town population who have drifted in from the countryside in the hope of easier and more profitable employment than in the villages. Often they fail to find

it, but nonetheless remain, unemployed, living under intolerable, overcrowded conditions in flimsy huts built of petrol tins, packing cases and sacks, without water supplies, sanitation or lighting, constituting at worst a criminal, at best a violently unstable political ring round otherwise advancing communities.

The problem of the middle-class salaried man can be met by co-operative housing schemes of the kind already tested in many other countries. The only points to which special consideration may have to be given are (1) the general, though perhaps not universal dislike of flats; (2) the strong preference for house ownership; (3) the tendency of governments to transfer civil servants (an increasingly numerous class, especially where industries and services have been brought under public control) at regular intervals; (4) the tendency of related families to amalgamate, making control of subletting difficult or impossible; (5) the custom of early retirement, which may mean retreat to an inherited property in a village, and perhaps call for the building of a new house. Several of these problems point, it will be observed, in different directions for their solution. Many ideas and forms now accepted unquestioningly in Europe may have to be re-examined before a successful formula is found. As we have seen such a great variety of forms within Europe, we have to expect that the conditions in each country and cultural factors will lead to an equally great variety in developing countries.

The problem of the shanty towns is beyond a co-operative solution alone. An extension of industry to provide employment might create resources which could enable government, or the industry concerned, to rehouse the workers. The chances are, however, that they would immediately be replaced by other migrants who would quickly reproduce the same conditions, even if the original shanties had been

destroyed. The only long-term solution seems to lie in the dispersal of industry, the creation of new forms of employment in villages and country towns, based upon local products and in the raising of agricultural standards. This would not only increase the output of raw materials but would raise the income and status of the farmer and so make the mirage of an office job in the city less alluring to the farmers' sons. In all this there is an important place for co-operatives of various kinds but not, in the early stages, for co-operatives especially concerned with housing.

4. CO-OPERATIVE HOUSING IN THE INTERNATIONAL FIELD

For many years countries with advanced co-operative housing programmes have acted as hosts to enquirers from other countries, and have been generous in providing information of all kinds likely to help with new developments.

The International Co-operative Alliance, a voluntary organisation representing co-operatives of all types in almost every country of the world, has set up an Auxiliary Committee on Housing, with its own secretary, which meets at regular intervals and includes senior officers of all the more important co-operative housing movements. Its object is to provide for the collection of information and the exchange of experience. It publishes a co-operative housing bulletin. It seeks to influence intergovernmental agencies in matters related to housing, and in particular to aid the growth of housing co-operatives in developing countries.

The Co-operative Division of the International Labour Organisation has for many years included housing among its interests. It held a seminar on this topic in Kuala Lumpur in December,

1964, and in the same year published a survey of existing housing co-operation.*

Co-operative housing has engaged the attention of the Economic and Social Council of the United Nations and a former director of the United States Housing Co-operative Training Institute has been appointed Chief of the Housing Section of the Council. The subject has also been discussed in the Economic Commission for Europe.

Co-operative housing is one of the fields of activity in which developing countries have begun to ask for expert advice and advisors from those with longer experience. Such advisors may not be easy to find. Co-operative housing, even in developed countries, is still in a phase of fairly rapid growth and has room for all its trained staff at home. The release of men for overseas appointments lasting any length of time may be difficult and may cut across promising careers. Brief visits from men of eminence and experience may not be of great value in view of the complexity and novelty of the housing problems in many developing countries and the social as well as the economic and technical factors involved. An adequate study, preferably by a team, of all these factors, in the developing countries of more than one continent might be of considerable value if made in the light of knowledge already gained elsewhere. It would provide housing and co-operative authorities in the developing countries chosen, as well as in similar neighbouring countries with a firm starting point from which their own solution could be evolved.

Another method of technical aid is to bring those concerned with co-operative housing in developing countries to take up assignments or study tours in countries where the system is already well advanced. In some countries, such as Sweden and the United States, some formal training institutions for co-operative housing already exist, though it is not known whether they receive

* Ruiz Lujan, Samuel. Housing Co-operatives, Geneva, I.L.O. 1964. (Studies and Reports, new series, No. 66).

overseas students or even have courses specially suited to their needs. An alternative to formal courses is the trainee attachment, often equally, perhaps more valuable, but involving the host organisation in the sacrifice of valuable time by senior members of its staff, who have not been appointed to undertake teaching duties and may not wish to assume them. An obstacle found at all levels is, naturally, that of language. In view of the highly technical subject it requires special efforts to overcome this obstacle.

In the last ten years contacts between housing co-operatives in different countries and different stages of development have become more important. A number of organisations have been set up designed to popularise the movement, widen knowledge and provide guidance in practical matters. Some of these have been initiated in the international field by one country with experience to offer and perhaps with a chosen field in which to operate. Others are fully international, seeking to collect, winnow and disseminate information as well as to initiate and guide new projects. Much of this international activity has had its origin in the USA among those who established co-operative housing in that country, and through the international development of FCH (Federation of Co-operative Housing) since 1962. Germany, Finland, France and Sweden have all been active; in the Federal Republic of Germany non-profit housing enterprises and their federations have set up a special organisation called DESWOS (German Development Assistance for Social Housing) for assistance especially for co-operative housing. The United Nations has played its part through the Environment Programme, through the UN Centre for Human Settlements (HABITAT), through agencies such as the ILO, UNIDO, as well as through the use of UNDP funds to finance housing projects. Denmark has given an example of one country giving its technical assistance in close collaboration with the ILO.

The International Co-operative Alliance has taken increasing interest in the subject. In September 1966 at the ICA Congress

in Vienna, ICHDA (International Co-operative Housing Development Association) was founded with a membership of six national co-operative housing organisations of which five were in Europe. A memorandum of understanding was entered into with the United Nations and soon after with the two Economic Commissions for Africa and South East Asia which permitted ICHDA to undertake investigative and practical work on contract for UN and its agencies. By 1979 membership had risen to 18 organisations of which 12 were in Europe and the rest in Asia, the Middle East and North and South America. Work has covered a study of sources of finance for co-operative housing, a pilot project in Tanzania and studies on jobs and building materials and on housing through integrated construction and housing co-operatives. A housing project on the Ivory Coast has been initiated with the assistance of French and US housing co-operatives and the ILO; the UN Co-operative Development Fund project in Lesotho has been launched with financial and technical assistance; a survey of 7 countries in West Africa was made and others on slums and squatters in Bangladesh and Latin America, followed up by a programme of low cost self-help housing in Bangladesh, aided by the USA organisations of CARE and AID which have been instrumental in assisting co-operative housing in a number of other countries. For its first decade ICHDA has had offices in Washington but has now moved to London.

Another new approach has been through the "Minimum Shelter" technique, especially in Latin America where recent earthquakes (as in Managua) have made the need especially urgent, in Bangladesh and in some parts of India and Africa. The emphasis is away from immediate adoption of fully accepted standards and towards starting with bare essentials and progressing by stages and by self-build methods to acceptable family housing. This has been extended into a search for sources of credit and tends to emphasise the use of local skills and local building materials.

Recently, the subject of housing for the lowest paid has been taken up by the International Confederation of Free Trade Unions though not with any special emphasis on co-operative associations.

Whatever the method of planning and communication chosen, there is no doubt that the co-operative housing movement is capable of extension to more countries, and that it may have as brilliant a future there as it has already had in countries with longer experience in co-operative methods. Even in these countries there is still scope for its extension, for the fruitful exchange of ideas and for the introduction of co-operative housing into new areas and new social groups. Housing may be regarded as one of the most promising growing points of the co-operative movement, a point at which old and tested co-operative techniques can be applied to meeting one more fundamental human need.

PART II

CO-OPERATIVE HOUSING BY COUNTRIES

In the following directory, countries are listed in their alphabetical order. In each case, basic information regarding co-operative housing is summarised in the same subject order, wherever possible, under twelve headings:-

1. Formation and Summary of Development
2. Legislation
3. Type of Housing
4. Financial Structure
5. Methods of Building
6. Rights and Duties of Members
7. Aid from National and Local Governments
8. Aid from Other Sources
9. National Housing Organisations
10. Technical Services
11. Educational Services
12. Publications

The object of this arrangement is to enable anyone wishing to form a housing co-operative to look up what, in outline, has already taken place in his own country. If the results of his search are negative or not sufficiently informative, he can then turn to other countries where similar social conditions appear to exist and draw ideas from them.

ARGENTINA

FORMATION AND SUMMARY OF DEVELOPMENT

The first housing co-operative, El Hogar Obrero (The Workers' Home), was formed in 1905 by 19 members, with the objects of (a) lending on mortgage to members wishing to build or improve a house, and (b) buying or building dwellings for letting to members.

LEGISLATION

The position of co-operatives in general is regulated by the law on co-operative societies of 10th December 1926, and by a law of the same year authorising the National Bank and the Mortgage Bank to lend to co-operatives, and exempting them from national taxation. A law was drafted in the 1960's with the object of directly stimulating co-operative housing, including "self-build" projects.

TYPE OF HOUSING PROVIDED

Early experiments proved too costly for working class housing and were transferred to members in higher income groups. Later, schemes for blocks of flats or groups of houses were successfully adapted to the needs of working class families.

FINANCIAL STRUCTURE

Members taking individual loans must provide 20% of total cost, or the plot on which the house will be built. The maximum period of the loan is 25 years, and this is reduced by 50% for people over 50 years of age. Repayment is made monthly at a rate of 5 per thousand interest and 3 3/4 per thousand amorti-

sation. The actual rates may be changed according to market demands, high today due to inflation. No system for readjustment of rates exists.

METHODS OF BUILDING

The society does not build on behalf of members, nor recommend contractors, but is prepared to give technical advice.

RIGHTS AND DUTIES OF MEMBERS

Members who wish to leave may transfer their house and mortgage with permission from the society, but may not sublet at a profit.

AID FROM GOVERNMENTAL OR OTHER SOURCES

Apart from the right of all co-operatives to borrow from the National and Mortgage Banks, no special assistance seems to have been provided until the passing of the recent Act.

NATIONAL HOUSING ORGANISATIONS

None appear to have been formed apart from El Hogar Obrero, which is also interested in consumer co-operatives. Primary co-operatives number 196 with 120,622 members and total assets of M\$N 1,932,946.

TECHNICAL, EDUCATION AND PUBLICATION SERVICES

These are provided by El Hogar Obrero, but do not refer exclusively to housing co-operatives.

AUSTRALIA

FORMATION AND DEVELOPMENT

Co-operative building societies have been active at least since 1901, and have been responsible for building large numbers of houses in every State in the Commonwealth. They are particularly strong in New South Wales, where, in addition to carrying out their specific task, they have proved a starting point for credit, house-building and community development co-operatives. Rapid development followed the slump of 1929/30 and the crash in real estate values which retarded private building for many years. Under the protection of legislation of 1934 and 1936, fresh development of co-operative building and housing societies took place. By 1968 there were 2,352 building societies of various types, with 83,249 members, and loans issued to a value of \$415,037,429 in New South Wales alone. Co-operative Community Advancement Societies and community housing schemes, most of them established after the Second World War, have also been active, though their number and scale of operation is smaller.

LEGISLATION

In Australia, all corporate legislation relating to co-operatives, including building societies, is a State rather than a Federal function. In one State of Australia - New South Wales - Co-operative Building Societies were originally registered under the Friendly Societies Legislation Act of 1873. Subsequently, the Building and Co-operative Societies Act of 1901 was introduced and building societies previously registered were incorporated under that legislation.

This Act was replaced by the Co-operation Act 1923, which made provision, amongst other things, for the formation, registration and management of Community Settlement Societies, Community Ad-

vancement Societies and building societies as well as other types of co-operative society. In 1967 the Permanent Building Societies were removed from the provisions of that Act and new legislation entitled "The Permanent Building Societies Act" was passed in New South Wales. Terminating Building Societies continue to be registered under the Co-operation Act. In the field of house and home unit construction there has been some involvement by Community Advancement Societies incorporated under the Co-operation Acts of New South Wales, Victoria and the Australian Capital Territory, but participation has been fairly limited.

TYPE OF HOUSING

There are two types of building societies in Australia, but both operate with the same basic objective of promoting home ownership. They are the permanent society and the terminating society.

1. The permanent building society, in fulfilling its objective, has two distinct functions:
 - (a) It accepts money from the public, pays interest on it and allows it to be withdrawn.
 - (b) It makes loans on the security of freehold or leasehold property.

It offers a safe and convenient investment service while lending at competitive market rates.

2. Terminating building societies obtain funds under the Commonwealth/State Housing Agreement at subsidised interest rates and also from major private financial institutions. Eligibility for lower interest terminating loans is confined to persons on low incomes. These societies are wound up after their loans are repaid. Loans are generally over a 30 year period.

Permanent building societies are incorporated and regulated by State laws and in the Australian Capital Territory by ordinance. These laws establish the basis of co-operation and control. The powers and objectives are defined and as such these laws are the prime legislative source of reference for the relationship between a society, its members and the public generally.

In each State and the A.C.T. a Registrar, appointed in the terms of the appropriate legislation, supervises the administration of societies. It is his responsibility that the provisions of the Act and Regulations are observed. In some States he is assisted by a separate advisory committee, the members of which are appointed for a fixed term by the State Government.

At the national level there are a number of laws which affect permanent societies. In 1974 the Commonwealth Government passed the Financial Corporations Act. The Act provides for the collection of information about and, as necessary, the regulation of activities in the non-bank financial sector in the interest of more effective management of the economy. In this setting, the general objectives are stated as monetary policy rather than the stability of the institutions subject to the Act or the protection of depositor/investor.

In total there are ten categories under the Act. Besides permanent building societies, other categories are credit unions, finance companies, merchant banks and pastoral companies. Permanent building societies are represented on an Advisory Committee - a provision of the Act.

Other acts affecting them are the Trade Practices Act and the Income Tax Assessment Act, whence the definition of co-operative status is derived. Classification as a co-operative un-

der Division 9 of the Act is only available to a building society which lends not less than 90% of its total loans each year to its own members for the purpose of those members acquiring a residential property. The majority of permanent societies are classed as co-operatives.

FINANCIAL BASIS OF PERMANENT BUILDING SOCIETIES

Permanent building societies lend only on the security of mortgage on real or leasehold property. Most state laws require that if loans are made in excess of certain ratios of loan to valuation (around 70%), prescribed additional forms of security such as mortgage insurance must be taken. Approximately 70% of all lending by permanent societies is mortgage insured.

LIQUIDITY: The need to hold appropriate liquid funds is a function of management. In most states there is a statutory requirement that a society shall not approve a loan if total liquid funds are less than 10% of total withdrawable funds.

RESERVES: State laws specify reserve requirements in all mainland states.

TAXATION: Most societies are taxed as co-operatives, i.e. at normal company rates on the assessed surplus after distribution to shareholders but before making allocations to reserves. Interest paid or credited to members is taxable in their hands.

CONTROL:

DIRECTORS Control is vested in the members who appoint a Board of Directors to supervise the management of the society's affairs. Directors usually retire by rotation each year and may be re-elected or replaced.

MANAGEMENT It is usual for Directors to appoint a Secretary or Manager to attend to the organization of the society and he is responsible to the Directors and must ensure that the affairs are properly managed in conformity with the Act, Ordinance, Regulations or Rules.

INVESTORS:

FORMS OF INVESTMENT Permanent building societies raise funds primarily in two forms - the shares and deposits, state laws determining the relationship between the two. The types available include subscription shares, paid-up shares, fixed term deposits and call deposits. Investments are accepted from the public and institutions.

<u>Type of Investment</u>	<u>Investor</u>	<u>Total % of funds available *</u>
Shares	Public & Institutions	76%
Unsecured Deposits	Public & Institutions	22%
Secured Deposits	Savings Banks, Insurance Companies etc.	3%
	Total Funds Available	A\$5,623 m

* as at November 1976

METHOD OF BUILDING

This would appear to be through private contractors employed either by the individual recipient of a loan or by the society, especially in the case of community housing schemes. Both flats and family houses are built.

RIGHTS AND DUTIES OF MEMBERS

On completion of repayment, the house or flat is the unfettered property of the member. Members have the usual co-operative right of attendance and voting at general meetings and of election to committees.

BORROWING

Permanent societies lend on the security of mortgages and will generally lend 90-95% of valuation. High ratio loans must be mortgage insured. Lending is mostly confined to first mortgage advances on new or used single unit dwellings for owner-occupation. Permanent societies are generally permitted to advance a small percentage of their funds other than to owner-occupiers including loans on multiple unit dwellings. The most common loan period is 25-30 years with the precise term usually determined by age and condition of the security and the borrower's capacity to service loan repayments. As a guide, repayments do not exceed 25% of gross income.

LENDING DEVELOPMENTS

A number of societies have entered new fields in mortgage lending in recent years. The developments listed below have been introduced by some individual societies throughout Australia.

- (a) Income Geared Loans: Repayments are kept as low as possible in the early years of the loan but adjusted progressively as the income of the home buyer rises.
- (b) High Start Loans: Repayments are high in the initial years of the loan (e.g. when both husband and wife are working) and are adjusted down in the later term of the loan.

- (c) Front End Finance: This is lending for housing from the development stage. The financing of a complete project aiming to reduce the costs to both home purchaser and the developer.

Other developments have been the combining of family incomes when determining eligibility for mortgages and the relaxation of the 25% repayments/income ratio for young buyers in appropriate cases.

AID FROM GOVERNMENT AND OTHER SOURCES

In New South Wales the Government has played an important part in the development of co-operative housing. In 1936 a guaranteed building society scheme was prepared by the Registrar of Co-operative Building Societies and his officers with the object of promoting wide-spread home ownership. This resulted in the passing of the Government Guarantee Act of 1934 and the Housing Improvement Act of 1936 already noted. (Legislation, above)

NATIONAL HOUSING ORGANISATION ADVISORY SERVICES AND PUBLICATIONS

Building societies in New South Wales have their own Association, which provides advisory services and publishes a journal.

Statistics relating to all Building Societies in Australia for the years 1970-71 and 1974-75 are as follows:

	<u>1970-71</u>	<u>1974-75</u>
Number of Registered Societies	5,429	6,418
Number of Shareholders	862,617	2,282,331
Loans Paid over During Year (\$'000)	453,038	834,604
Administrative Expenses for Year (\$'000)	27,139	82,047

LIABILITIES (\$'000)

Investing members' funds	1,132,556	3,220,145
Borrowing members' funds	165,747	151,488
Deposits	195,776	711,145
Loans due to Government	348,959	592,587
Bank Overdraft and Other Liabilities	457,272	523,977
Total	2,300,311	5,199,342

ASSETS (\$'000)

Advances on Mortgages	2,038,305	4,172,964
Other Assets	262,005	1,026,378
Total	2,300,311	5,199,342

Australian Population	<u>June 1971</u>	<u>June 1975</u>
	12,908,241	13,502,317

Source Authority: Australian Bureau of Statistics

AUSTRIA

FORMATION AND SUMMARY OF DEVELOPMENT

The formation of housing co-operation was provided for under the law of 1873 and was encouraged by tax reduction and facilities for borrowing, especially during the periods immediately following the First and Second World Wars, when housing shortages were acute. By 1978 there were 138 housing co-operatives with a membership of 210,616. Since 1940 there have also been non-profit housing companies attached to the same Auditing Union.

LEGISLATION

The Co-operative Law of 1873 provides a legal framework for co-operatives of all types and lays down the principles on which they should be conducted, including democratic control, limited liability, limited interest on share capital and the use for a public purpose of any assets remaining on the dissolution of a co-operative. Control is carried on through an Annual General Meeting, an elected Supervisory Committee and an elected Board, usually unpaid except in the case of large organisations.

Along with the Non-Profit Housing Act, the Co-operative Law confers legal personality, the right to own property, buy and sell, sue and be sued. It also lays down in some detail the democratic control and non-profit making character of a co-operative, and establishes the obligation to belong to an Auditing Union and to undergo regularly, at least every two years, an officially recognised form of audit regarding financial status and regularity of management.

Housing co-operatives were recognised and received certain privileges under the Non-Profit Housing Acts of 1940 and 1979,

and the Housing Acts of 1954 and 1968. These acts govern state assistance to housing and lay down the operation and control of housing co-operatives and other non-profit housing agencies in the field of public subsidised housing.

TYPE OF HOUSING PROVIDED

Nearly all co-operative housing takes the form of blocks of flats in which a minimum of 80% of the floor space must be devoted to dwellings or to services of direct benefit to the tenants, including heating plant and social services such as kindergartens, reading rooms and laundries. Shops may be included in the project. A co-operative may sell a building only under strict conditions which exclude any element of profit due to a rise in property values.

In the majority of cases, the block of flats is owned by the co-operative; the members are tenants, paying rents which cover the service and amortisation of loans, depreciation, upkeep, management and a contribution to reserve. Under the laws of 1948 and 1975, however, each member may own his flat and will also be the joint owner of all parts of the building in communal use.

Immediately after the First and also the Second World War "self-build" housing projects were popular. Today this method is used only by the private sector.

FINANCIAL STRUCTURE

Members themselves raise a certain part of the estimated construction costs of their own dwellings either in the form of shares or other contributions. The co-operative must borrow the remainder.

Until the end of 1967 the main source was the Federal Housing and Homestead Fund (law of 1908, converted immediately after

the First World War). This has been built up from budgetary allocations and from a levy of 10% on all social insurance payments both of workers and employers. In addition, there was a Housing Reconstruction Fund established after the Second World War in 1948, which makes loans without interest up to the total building cost of dwellings destroyed in the war. The federal and provincial governments also make loans from revenue for housing purposes. European Recovery Program funds were used to a small extent for rehousing purposes.

The Federal Housing and Homestead Fund lent funds only to local authorities and non-profit housing organisations, about 88% of the fund going to the latter. A housing co-operative received a direct loan from the fund or borrowed from other sources with a guarantee from the fund, which might also make a contribution to the payment of interest. The initial contribution was 10% of the building costs. On direct loans the interest was 1% per annum with 1% amortisation.

Rising construction costs caused new housing, under the existing form of assistance, to become increasingly difficult for poorer population groups to afford. Also, it was not possible to relieve the housing shortage sufficiently. Therefore, in 1954, a housing assistance law was passed which made new funds available for housing construction. The assistance was allocated in such a way that one fourth went to the replacement of barrack dwellings by communities and non-profit housing associations, one fourth to the construction of low-cost dwellings by communities (whereby the builders could also be non-profit housing associations), one fourth to non-profit housing associations, and one fourth to the construction of private housing and privately owned apartments. To a limited extent, assistance was also made available for the construction of business space.

For the most part, loans were granted which were not to exceed 90% of the total construction costs. Accordingly, the propor-

tion of the builders' own resources amounted to at least 10% and not more than 20%. Interest on loans was fixed at 1% per annum and the repayment period at 70 or 40 years, respectively. During the last years of this law's effectivity, loans were increasingly replaced by subsidies toward interest and repayment on mortgage loans taken out to finance building plans. This had the effect that for 25 years the remaining payments on loans amounted to 3% per annum.

On January 1, 1968, public assistance for housing construction in Austria became re-organised under a new Law of 1968 for the Promotion of Housing Construction. All assistance measures enacted up to that time (Federal Housing and Homestead Fund, Housing Reconstruction Fund, and the housing assistance of 1954) went out of effect, and a uniform federal assistance program was instituted in their place. After numerous subsequent changes, public assistance for housing construction in Austria took on the shape it has today:

1. The granting of loans which cover at least 45% but at the most 70% of total construction costs, the level of which loans is determined by the individual federal states. In the case of dwellings erected for rent or use by non-profit housing associations, the minimum loan is 50% coverage of costs. The loans carry 1/2% interest per annum; during the first 20 years the interest and repayment amount to 1%, during the remaining 27 years 3 1/2%.
2. The granting of subsidies toward payments on mortgage loans which have been taken out to finance building, which have a repayment period of at least 20 years and do not exceed 45% of total construction costs. The subsidies are calculated at 50% of interest and repayment and, after a period of five years, decrease annually by 10%.
3. The granting of a loan in lieu of the builder's own capital to young families and hardship cases (the builder's re-

sources must amount to at least 10% of total construction costs; but in the case of housing for rent erected by non-profit building associations, the builder's resources must comprise 5% of total construction costs). The loan carries no interest and must be repaid at the rate of 5% per annum.

4. The granting of an individual housing subsidy, when the burden of housing expenditure exceeds what the family, according to its income, could be expected to bear.
5. The provision of a guarantee for mortgage loans, which may not exceed 90% of total construction costs.

The financial assistance mentioned above is granted for the construction of housing and also, under certain conditions, of space for small business. Every natural or legal person may apply for this assistance, but the dwellings (or business space) may be rented or sold only to "eligible" persons, those whose incomes do not exceed certain limits set down by law. Marriage partners and children are taken into due consideration when these limits are determined.

METHODS OF BUILDING

A new co-operative begins by looking for a building site. This is often made available by the local authority, which does not transfer the freehold but grants a "building right" for 80 years, after which the land and building revert to the ground landlord on payment of compensation to the co-operative. The local authorities do not as a rule develop land for building, but in urban areas the main services, water, sewerage and electricity, are already available. The co-operative next draws up a financial plan accompanied by architects' plans, specifications, estimates, and a statement of proposed rent levels which must be approved by the provincial government, should application be made for a loan. Building may not begin until these plans have been approved.

The co-operative itself is not allowed to undertake building but concludes a contract with a recognised building firm.

It does, however, draw up plans, negotiate the contract, supervise its execution and check the costs. It may do this on behalf of another housing organisation. It may also buy building materials wholesale.

RIGHTS AND DUTIES OF MEMBERS

Membership of co-operatives must be open. Independence of the building industry must be assured. Before beginning operations a housing co-operative must have its non-profit character recognised by the provincial government. Public subsidised housing is concerned only with dwellings which are defined as not exceeding 130-150 square metres of floor space, though the average is in practice lower. Members have complete responsibility for the running of their co-operative subject to the obligation to belong to an auditing union and accept the recommendation of the auditor. In most co-operatives members are tenants, with a right of occupation.

Leases on publicly subsidised housing may be dissolved only for important reasons (paragraph 19 of the Lease Law) and transferred only under certain conditions (paragraph 20 of the Law of 1979 on Non-Profit Housing Associations). More and more, co-operatives are also erecting housing in the form of privately owned houses and apartments (proportion in 1977: 41% housing for rent, 59% privately owned dwellings).

AID AVAILABLE FROM NATIONAL AND LOCAL GOVERNMENTS

This has already been described. It consists chiefly in the allocation of sites and building rights and in long term loans at low rates of interest. These may come direct from national funds or from local authorities.

AID FROM OTHER SOURCES

Employing firms are sometimes prepared to make loans to housing co-operatives formed by their workers.

NATIONAL HOUSING ORGANISATION

The Austrian Federation of Non-Profit Housing and Homestead Associations has a membership of 254 organisations, of which 138 are co-operatives and the rest non-profit companies (1978).

For important information to members and for a discussion of current questions on housing, the Federation issues a monthly journal "Wohnen und Siedeln". In addition, a series of publications issued from time to time, "Die gemeinnützige Wohnungswirtschaft", deals with important laws and special topics in monographs.

BELGIUM

FORMATION AND SUMMARY OF DEVELOPMENT

Public encouragement of non-profit housing dates from a commission which studied working class conditions in 1887. As a result of its recommendations, loans on mortgage were made available for house building by the General Savings and Pensions Bank through non-profit societies formed for that purpose. The houses were nearly all for individual ownership and occupation. In 1919 the National Housing Society was formed to act as the central financing organisation for societies established to build and either let or sell family houses and flats for people of modest means. This is the key organisation in Belgian housing development. It was set up as a limited company and approved by royal decree. A parallel organisation, the National Smallholding Society, covers rural housing. A third organisation, the League of Large Families, exists to protect the interests of families with four or more children, and to provide house-building loans for them. There are between 300 and 400 societies affiliated to the two national organisations, most of them local or regional in character, and they have built over 220,000 dwellings. Housing and smallholding societies may be registered either as co-operatives or as companies, but the majority, though non-profit making, are not self-governing organisations of tenants or house-owners. Membership and capital are provided by the State, the provincial authorities, the communes or public assistance boards. A limited number of industrial housing companies have also been formed by firms to house their employees, and some specialised welfare organisations have promoted schemes to house special classes such as the disabled. There are a limited number of housing societies formed on recognised co-operative principles and managed by individuals requiring houses, usually on a tenancy basis. Even in these, the State

and the local authorities are represented and the National Housing Society and the public authorities exercise a fairly close control.

There is no special legislation applicable to housing co-operatives, but they are largely controlled under the Act of 1919 by the National Housing Society, with wide powers over all corporate bodies engaging in building, letting or selling low-cost family housing.

TYPE OF HOUSING PROVIDED

The original object of most, if not all, housing societies was to provide accommodation for people of modest means, on long lease, and to retain control of the estate as a whole. During the inter-war period, however, they came under pressure from public authorities, taking the form of threatened withdrawal of credit facilities, to sell the property to their tenants and so release capital. Societies were at this time refused permission to build, except for sale, and for a time obstacles were placed in the way of any further registration of housing societies. It is said that local housing societies which succeeded in retaining control of their houses had better results technically, financially and socially, than those which were obliged to sell them to the occupiers. It is admitted, however, that many in this group were coping with difficult problems of slum clearance or large families. Since the Second World War, the pressure to sell has been relaxed, and many dwellings are now once more leased to the occupiers. Societies of this type sometimes include honorary, i.e. philanthropic members, as well as intending occupiers.

FINANCIAL STRUCTURE

Members of tenancy co-operatives originally subscribed shares of 3,000 francs, 10-20% paid up. Shares are now subscribed on the basis of 5% of the anticipated cost of the dwelling. Of

these shares, 35% are paid up on entry, and the balance is deducted by monthly instalments added to the rent. The National Housing Society was at first prepared to lend up to five times the subscribed capital, either in tenancy co-operatives or in societies of which the members are local authorities. This limit has now been removed. Loans are drawn on the general savings bank and pension fund, private savings banks, state controlled institutions, insurance companies and ordinary banks.

The government, which is responsible for more than half the total expenditure on new housing, lends to the National Housing Society and the Smallholding Society for a maximum of thirty years, although tenancy co-operatives are allowed to repay in 66 annual instalments. The State also underwrites the difference between the rates of interest paid and received by the National Housing Society. Local societies pay 2.5% interest to the National Housing Society, covering 1.5% interest, 0.9% amortisation and 0.1% costs. Additional loans required come mainly from local authorities. The State guarantees the borrowings of the National Housing Society, the National Smallholding Society and the League of Large Families. The primary housing societies pay 1-5% interest and refund the loans to the National Society in 66 annual instalments.

METHODS OF BUILDING

Not much information is available regarding the methods of building, but it would seem that contractors are ordinarily employed. Housing schemes sponsored by the National Housing Society (all non-profit as well as a limited number truly co-operative) have a reputation for the quality of their buildings. Standards of accomodation have been steadily raised and include modern amenities with an increasing provision for central heating, lifts and built-in equipment. Housing projects also include civic amenities such as shops, post offices, infant welfare and community centres, meeting halls, libraries, playgrounds, etc.

LEGISLATION

Co-operatives of all kinds are regulated by the Commercial Code, Book I, Section IX of 1873, last consolidated in 1935. The Code distinguishes seven types of commercial societies, of which co-operatives are one. Co-operatives are defined as societies composed of members whose number and contributions are variable, and whose shares can never be transferred to others. Minimum membership is seven. Members may be jointly and severally liable or individually liable to an unlimited degree or up to a fixed amount. The use of the word co-operative is compulsory. The society is free to make its own rules on most points except that the life of the society may not exceed thirty years. Failing special rules on the point, the following provisions apply:

- (1) the society shall continue for ten years
- (2) members may not withdraw
- (3) all members have equal voting rights
- (4) profits and losses are to be divided annually among the members, half in equal proportion and half in proportion to shares.

The formation of a reserve fund is compulsory, as is an annual audit and the submission of the balance sheet to the Registrar of Societies.

RIGHTS AND DUTIES OF MEMBERS

As already noted, the majority of housing societies in Belgium are companies formed and controlled by local authorities or philanthropic bodies. In the co-operatives which are genuinely self-governing, the ordinary members have a majority in the

annual general meetings, though state and local authorities are also represented. The National Housing Society checks all plans and contracts, as well as the acquisition of building plots, and the letting and sale of dwellings. Admission to tenancy is limited by income, weighted by the number of children in the family. Priority is given to large families, slum dwellers, miners and fishermen. In the case of societies formed by local authorities and others, the tenant has no rights in respect of his dwelling if he decides to leave. In tenancy co-operatives he receives back his original payment. In case of death, the dwelling may be left to the members' heirs within certain limits. Rents are between 3.25% and 4.25% of building costs and are related to the income of the tenant. All major repairs, external and internal, are carried out by the society and only minor repairs are left to the tenant. No society can operate unless registration has been recognised by the National Housing Society. If recognition is for any reason forfeited, the N.H.S. provides for liquidation and decides the use of any assets remaining after the repayment of shares.

NATIONAL HOUSING ORGANISATIONS, TECHNICAL AND OTHER SERVICES

The National Housing Society, of which the only shareholders are the State and provincial authorities, the National Smallholdings Society, and the League of Large Families provide advisory and supervisory services. All housing societies whether co-operative or not, must compulsorily take up membership in them. The National Housing Society in particular is a powerful and experienced organisation, which gives its members services in matters of planning, design, choice of materials and costings. It has also followed a policy of buying up suitable building sites and holding them in anticipation of future needs. It has power to buy up or expropriate slum property.

Since its foundation in 1919, the National Housing Society has recognised 20 tenants' co-operatives and 243 building co-operatives. It should be stressed, however, that the co-operative

building societies which are recognised by the National Housing Society merely take on the legal form of co-operative societies as they are defined by the law on commercial companies and that, from an economic point of view, these societies should rather be classified among the limited companies.

Indeed, the tenants of dwellings belonging to these building co-operatives are usually not shareholders and the shares of these societies are usually subscribed to by public authorities, such as the provinces, the communes or the public centres for social welfare. On the other hand, the capital of these societies remains, as a rule and in fact, fixed, whereas one of the main characteristics of co-operative societies under Belgian law is that their capital is essentially variable.

As to the tenants' co-operatives, these are, from an economic point of view, real co-operative societies, but their activities are nowadays very limited and they are controlled by the same laws and regulations as the other approved societies. Moreover, the National Housing Society has the same rights of supervision over both types of societies.

The system adopted in Belgium though interesting and effective, can perhaps hardly be classified as co-operative, except to a very marginal degree.

BRAZIL

The central and provincial governments provide assistance for the clearance of slums and shanty towns, as well as for the rebuilding of rural houses by their owners. None of this, however, seems so far to have been effected through co-operatives.

A number of housing co-operatives are active in providing houses to members; they contribute finance amounting to 5-10% of the value, in addition to loans by the National Housing Bank. Assistance is given by public Institutes for the Promotion of Housing Co-operatives.

CANADA

SUMMARY OF DEVELOPMENT

The Co-operative Housing Foundation of Canada, popularly known as CHF, had its beginnings in March 1968. The first Directors' report begins with the following statement:

"The Co-operative Housing Foundation was formed in Ottawa on March 27, 1968 by the Canadian Labour Congress, the Co-operative Union of Canada and the Canadian Union of Students. The main purpose of CHF is to promote Canada-wide initiative, sponsorship and co-ordination of various types of co-operative housing."

Before 1968 an organisation called the National Labour-Co-operative Committee (NLCC) had a co-operative housing programme which had been attracting increasing attention among its constituents. The NLCC was a committee sponsored jointly by the Canadian Labour Congress and the Co-operative Union of Canada, one of its objectives being the encouragement of better understanding and joint action programmes between labour unions and co-operatives. Co-operative housing was only one of many NLCC programmes but one which began to demand a disproportionate amount of the Committee's time and energy. By 1968 it had become quite apparent that a specialised organisation would be needed when the Committee's efforts began to produce results.

Except for the pioneering and significant development of "building" co-operatives in Nova Scotia and Quebec and the completion of the Willow Park "continuing" housing co-operative in Winnipeg, co-operative housing had made relatively little impact on the Canadian housing scene prior to 1968.

The building co-operatives, whereby a group of people work co-operatively to build their own individual homes, had been quite successful in the mid-1930's, especially in the smaller communities where municipal services were minimal and land costs were not high. As the country became more urbanised, however, it became apparent that building co-operatives would not work so well in the cities. The increasing concentration of people, greater requirements for educational and municipal services, and the higher land costs required a different method of providing affordable housing. As the cities, so did the proportion of Canadians who were renters. It was natural that some of these people should look to the co-operative method to satisfy their need for this new type of housing.

The Co-operative Union of Canada recognised the need and decided to do some research into how it had been satisfied by co-operatives elsewhere. With the financial assistance of the Central Mortgage & Housing Corporation, they commissioned a study to investigate the experience of housing co-operatives in various countries and to make recommendations applicable to the Canadian situation. It was published as the "Report on Co-operative Housing" in 1962.

In the meantime, the Co-operative Housing Association of Manitoba was incorporated in January 1960, for the purpose of promoting and constructing housing co-operatives. The original membership consisted of ten individuals and six organisations: Federated Co-operatives, Manitoba Pool Elevators, United Grain Growers, Co-operative Life Insurance Company, Co-operative Fire & Casualty Company, and the Winnipeg and District Labour Council. These were the pioneers of the continuing, non-profit housing co-operatives in Canada. They knew that this type of continuing co-operative housing had enjoyed great success in many other countries, and they decided that it should be tried here. The result of their efforts was the first Canadian venture of its kind: the 200-home Willow Park housing co-operative in Winnipeg.

Even the finest new idea is not always immediately accepted, and Willow Park was no exception. It was a struggle from the very beginning. The City Council was against it and the Central Mortgage & Housing Corporation insisted that 80% of the Willow Park homes must be occupied before they would advance any mortgage money. At the official opening in August 1966, only one quarter of the 200 fine new homes were occupied. To pay for the construction, the Co-operative Credit Society of Manitoba loaned about two million dollars, guaranteed by Federated Co-operatives.

Eventually, Willow Park was recognised as a good idea, and by February of the next year it was fully occupied. Since then they have waiting lists of people wanting to move in, as it becomes increasingly apparent that it was indeed a great idea.

No doubt the inspiration provided by the Winnipeg experience was one of the reasons which prompted the organisation of the Co-operative Housing Foundation in 1968. Co-operative and labour union activists had seen Willow Park, liked what they saw, and wanted to propagate the idea across Canada. One of the first actions of this new organisation was to present a submission to the "Hellyer Task Force on Housing" in December 1968. The submission made many recommendations to facilitate the production of non-profit, continuing housing co-operatives in Canada.

The Winnipeg inspiration spread west to British Columbia and east to Ontario, resulting in a small co-operative being sponsored by a credit union in Abbotsford, B.C. and a large one being sponsored by a labour union in Windsor, Ontario. Both of these projects were under construction in 1969 and each of them was patterned after the Willow Park concept. These early housing co-operatives have absolutely none of the legislative benefits that are available to housing co-operatives today -

no start-up funds, no capital grants, no reduced interest rate, no subsidies for low-income members. The Co-operative Housing Foundation had been lobbying for such legislative benefits, but they were yet to come.

In 1970 the federal government announced a 200 million dollar "innovative fund" for social housing. This fund provided CMHC mortgage money at about two percentage points below the market rate. The Co-operative Housing Foundation negotiated with the head office of CMHC to have housing co-operatives financed by this fund, and approval was obtained for housing co-operatives in Calgary, Winnipeg, Vancouver, Toronto and London.

One of these co-operatives wanted to try a further innovation by including as members people of low income who would otherwise be in public housing. This would require rental supplements and a rent-gear-to-income plan for a percentage of the co-operative's members, with governments paying the difference. It was agreed by the different levels of government that this should be tried on a test basis. This plan is a common feature of housing co-operatives today.

Another innovation requested by the housing co-operatives was a surcharge for higher-income members so they would not have to leave the co-operative. The reduced interest rate had been designed to provide housing for moderate-income people, but the co-operatives did not want to compel members to leave once they reached a certain income, so they suggested that these members be charged a little more for their housing and the extra funds be used to reduce the charges for some lower-income members. Here were people voluntarily assuming a social responsibility, instead of just waiting for the government to do something.

LEGISLATION

The position of co-operative legislation in Canada was for many years somewhat confused. In the four Western Provinces, Alberta, British Columbia, Manitoba and Saskatchewan, as well as in Newfoundland, general Co-operative Associations Acts provided for all types of co-operative and for the usual privileges and safeguards: incorporation, limited liability, democratic control, equitable distribution of profit. In Ontario, Quebec and the Maritime Provinces, the choice for incorporation for many years lay between the Agricultural Co-operative Acts and the Companies Acts, which included co-operative sections.

Federal Housing Acts were passed in 1935, 1938, 1944 and 1954, and a Central Mortgage and Housing Corporation was established by the Federal Government in 1954. Housing Commission Acts have also been passed in some of the Provinces (in Nova Scotia as early as 1932) and provincial housing commissions set up. Several of the provincial governments in Canada have set up housing corporations to take over responsibility of the provinces in the field of housing. The Ontario Housing Corporation is by far the largest and best developed. It is now the largest landlord in Canada, owning many thousands of subsidised housing units for low-income families.

Non-profit co-operative housing was beginning to become recognised as a responsible form of social housing - neither private nor public nor charitable - but owned and operated by the people who live in it. The time had come to legalise some of the innovations which they had initiated, so a conference was organised in Winnipeg in 1972 to decide what legislation was required and to instruct the Co-operative Housing Foundation to work toward getting the necessary changes to the National Housing Act.

Submissions were made to Central Mortgage & Housing Corporation and to the Minister of State for Urban Affairs. They were accepted, and Parliament amended the National Housing Act in June of 1973. The legislation co-operatives had been advocating and the innovation they had initiated now became explicitly available: start-up funding to help a co-operative get going; a reduced mortgage interest rate; mortgages for 100% of the project cost; a longer mortgage repayment period; a 10% capital grant; and rent supplements for low-income members.

Prior to 1973 there were less than a dozen of the continuing non-profit housing co-operatives in Canada (again with the exception of Quebec as previously mentioned). The 1973 legislation provided the impetus and housing co-operatives really began to get going in 1974. The process of organising, member recruitment, planning, locating land, selecting architects, working with engineers and contractors, untangling municipal red tape, negotiating with three levels of government, membership education, starting and completing construction, and finally moving in, can be a long process. It is difficult enough for the professional developer with years of experience, even more so for a group of people doing it for the first time. Still, in just four years, the number of housing co-operatives increased to about 180 throughout Canada, representing just under ten thousand homes in various stages from planning through to construction with the majority of them completed and occupied.

POTENTIAL

The potential for co-operative housing in Canada is practically unlimited. Some people who have witnessed the growth of credit unions and other co-operatives since the 1930's have said that co-operative housing is at about the same stage of development

now as credit unions were 30 or 40 years ago. As it was apparent then that people could form their own organisations to handle their financial needs, so it is apparent now that people can form their own organisations to handle their housing needs.

What is needed to realise this potential is the duplication, on a much larger scale, of all the elements that got together to build Willow Park. Unlike a credit union, which could serve a hundred families during its first few years with a minimum of assets, while operating from the treasurer's kitchen and being able to grow gradually as the members' needs increased, a housing co-operative serving a hundred families requires assets of at least four million dollars from its first day of operation.

Assuming the need is there and people can be got together as members and residents, there is still the need for a resource group to act as the developer for the local housing co-operative. Such resource groups are now operating in almost every major city in Canada. Perhaps none of them operate precisely the same as the original model, but they are all variations of the same theme. All of them are able to draw from the pool of experience accumulated over the past decade and more. All of them are able to produce good quality housing on behalf of their members.

So what more is needed? More resources. The greater the potential to be developed, the greater are the resources required for its realisation. Money is required in the form of risk capital, and for the purchase of land. The buying of land could hardly be a losing proposition, but sometimes risk capital might be lost. One organisation which has already responded to requests for risk capital has been the United Church of Canada. They have established a \$200,000 fund for this purpose. This revolving fund has already provided \$500,000 in risk financing

to a dozen housing co-operatives, the security often being not much more than faith and a promise to repay. Many loans have already been repaid, and none are in default. The co-operatives which have benefited from this fund all say that they could not have succeeded without it.

NEW PROGRAM

In April of 1978, the Canadian Government announced a new non-profit housing program into which the co-operatives would be fitted. Members of the Co-operative Housing Foundation analysed the new program and found that many of its features would be detrimental to housing co-operatives.

Negotiations began with the Canadian Government on a program which would be more beneficial both to housing co-operatives and to government. The negotiations were successful and a new co-operative housing program became operational in 1979.

Co-operative Trust Company of Canada will be the mortgage lender to the housing co-ops. Funds can be provided to the trust company by credit union centrals, insurance co-operatives and labour union pension funds.

CHILE

FORMATION AND SUMMARY OF DEVELOPMENT

As long ago as 1955, the housing deficit in Chile was put at 320,000 dwellings. Since then, a disastrous earthquake has taken place and population has increased. Official housing funds have been set up and insurance companies are legally obliged to invest part of their premium income in the bonds of the Housing Bank. No special encouragement has been given to housing co-operatives, but there has been a substantial spontaneous development based on members' thrift, sometimes supported by private firms. One group was prompted by a German Catholic mission. The housing provided by co-operatives up to about 1965 appears to have been entirely urban and mainly intended for people of middle incomes. In 1941, provision was made for support from the Housing Bank for workers' housing on the outskirts of towns, each house to be provided with a garden and an opportunity for home industry, including the rearing of small livestock. The intention was to form group settlements, and existing co-operatives were to be given preference. No progress was made for some years, and the resources of the Housing Bank continued to be used for urban projects. Later, a number of workers' housing co-operatives were formed under the Technical Agricultural Section of the Bank. The co-operative law of 1963 helped to promote fresh development, and by 1967 some 5,000 co-operative housing units had been built. There are, however, some 50,000 members of housing co-operatives who still await houses.

LEGISLATION

An act of 1924 provides for the incorporation of co-operative societies and allows them to acquire property for all purposes. It was amended in 1930. In 1931, labour legislation was codi-

fied, including articles permitting trade unions to organise co-operative societies. Certain types of co-operatives were brought under the control of the Inspectorate of Labour, and regulations were made regarding the balance sheets of consumers' and building co-operatives. The Housing Bank places them on its register, but does not audit, advise, or actively assist them, though it has power to make loans to them on the same terms as to other housing agencies. A decree of 1954 lays down regulations for housing co-operatives. The most important change introduced by the Co-operative Law of 1963 in relation to housing has been in making more detailed provision for the security of mortgage loans and the readjustment of savings and loans so as to give some protection against inflation.

TYPE OF HOUSING PROVIDED

One type of housing project which appears to have been successful is the block of flats in a town centre, of which the ground floor is let as shops to non-members. The building is then mortgaged and the shop rents appropriated to the service of the loan. The flats on the other three floors are rented to members, chosen by lot, for terms of five, ten, fifteen or twenty years, and the society proceeds to build further blocks, using the same method of finance in each case. It is hoped by these means to accumulate reserves which will make possible housing projects with no element of non-member tenancy. The most usual type of housing co-operative is, however, based on a jointly owned building site on which individual or semi-detached houses are built and transferred to members for permanent occupation on contract with the co-operative, which continues to administer the estate as a whole. This type of construction is favoured for social reasons and because it requires less capital than apartment blocks.

COLOMBIA

INTRODUCTION

In 1931, the first law on co-operatives, law No. 134, was passed in Colombia. At this time, no single co-operative existed in Colombia. The first was established in Bogotá in 1933 and the next in 1934 in Medellín. Both of them were using public as well as private staff. The two co-operatives had multiple functions and various sections, one of them for housing. The Bogotá co-operative started a project called "Ciudad Jardín", the Medellín section started the "Los Laureles" project.

In 1939, the housing section of the Cooperativa de Empleados de Medellín was changed into a specialised co-operative named Cooperativa de Empleados de Antioquia. After this date, many other housing co-operatives were established in the main towns of Colombia, for instance in Bogotá, Medellín, Cali and Bucaramanga.

In 1961 a study of the housing co-operatives operating in the country was conducted showing that there were a total of 18 specialised co-operatives and 36 operating as housing sections of co-operatives set up for various purposes. The most important fact revealed by this study was that in 1959, date of the study, these co-operatives had built more than 50 thousand housing units. Another rather important fact revealed was that in the same period the Savings and Credit Co-operatives had granted loans for buying housing, improving housing or for reducing mortgages exceeding 50 million.

The great failure

Unfortunately, however, the results of these efforts did not, under the circumstances, lead to the best model of housing co-operatives. The procedure worked as follows:

The co-operative bought the premises for a certain number of housing units, 450 in the case of the Los Laureles Co-operative. These premises were developed correspondingly and a loan for construction was obtained. According to this system and via the co-operative, the members of the co-operative society contributed an amount corresponding to generally 30 per cent of the costs of the overall project, including houses, supermarkets, schools, churches, sports facilities etc. External financing amounted, therefore, to 70 per cent.

The shortcoming of this procedure was that banks, once the housing project was completed, requested the member of the co-operative society to take over the proprietary title of his housing unit or apartment in form of a notary document, thus making him the direct debtor of the respective bank. The member of the co-operative society thus got practically separated from the co-operative. And the result was that co-operatives served only as midwives for housing construction.

Real housing co-operatives

The study carried out in 1962 was submitted to FCH, AID and the Co-operative League of the USA. The objective was to obtain financing support for special projects. AID sent a commission of experts of FCH; at this time, the Federation of Housing Co-operatives of Colombia (FEDECOOP), direct partner for the FCH commission, was already in operation and a decision was taken to examine co-operatives for self-owned and single mortgage housing in general. This was the reason for setting up three units, one in Bogotá, another one in Medellín, and a third one in Cali. The ones in Medellín and Cali proved to be rather successful. The one in Bogotá had to be dissolved and there are plans to replace it by one under the auspices of PROVICOOP, a construction and service organisation.

Later on, the Instituto de Crédito Territorial, institution in charge of financing social housing in Colombia by way of self-help construction, sponsored the foundation of a co-operative called Cooperativa de Vivienda de Girardota. This co-operative comprises 92 workers, who live in a small town near Medellín.

Co-operative housing in Colombia has since then continued on the basis of two principles of the societies, one consisting in the single mortgage and the other in self-help construction.

LEGISLATION

The law of 1931 was updated in 1963. The present law is of general character. No reference is made to any type of co-operative; therefore studies are carried out to set up a special code. This code has been formulated already and has been submitted to the Government for consideration. It contains a special chapter on housing co-operatives and, in a rather broad sense, the co-operative on the basis of property and single mortgage is defined in this code.

For lack of a special law on housing co-operatives, the statutes of each society contain very clear clauses, especially on the rights and obligations of the members.

TYPE OF CO-OPERATIVES

As has been pointed out, there are co-operatives based on property and single mortgage and also co-operatives based on self-help construction in Colombia. And there are a great number of them in this country. Also, there are co-operatives dedicated exclusively to housing, as well as many multi-purpose co-operatives, maintaining just a housing section within their organization.

There is the Federation of Housing Co-operatives of Colombia (FEDECOOP), which comprises not only the co-operatives working for property based on single mortgages but also co-operatives engaged in construction. The Federation sees its main objective in defining the policy of co-operative housing in the country and in providing technical, educational and financial assistance to members.

It has been suggested to support particularly the co-operative based on single mortgage and to establish systems which provide social housing to the general public.

At present, a development plan for the decade 1980 to 1990 is under study.

Parallel to FEDECOOP, the Promotora de Vivienda Cooperativa (PROVICOOP) is active in this field. PROVICOOP is an auxiliary organism and is engaged mainly in the field of housing construction and in the provision of other services for the co-operatives, safeguarding their social as well as economic interests.

FINANCING

It has been mentioned already that the most widely applied system consists in the co-operative's contributing 30 per cent of the financing costs of the project, with the remaining 70 per cent coming from external financing. The latter is granted particularly by the following organisations:

INSTITUTO DE CRÉDITO TERRITORIAL

A national organism dedicated to resolving problems of housing for the general public. Financing in favour of co-operatives will therefore be possible only for social housing.

BANCO CENTRAL HIPOTECARIO

This bank is predominantly in public ownership and has so far focussed on the development of housing for the middle classes of the population. It has granted most of the loans to co-operatives.

FONDO NACIONAL DE AHORRO

A state owned fund, dedicated to financing housing only for public servants.

INSTITUTO COLOMBIANO DE FINANCIAMIENTO Y DESARROLLO COOPERATIVO

An institution which is owned by the co-operatives with the objective of financing all sorts of societies. Within its activities for housing co-operatives, it is dedicated particularly to short-term loans for urban projects.

CORPORACIONES DE AHORRO Y VIVIENDA

These are financing organisations operating for an improvement of interest rates for saving. Use of their credits is almost impossible for social housing. However, attractive loans have been granted to co-operatives, providing housing for middle classes with a certain economic standing.

CONSTRUCTION METHODS

In principle, co-operatives are using three different methods or systems of construction.

1. They award contracts for the overall projects to general contractors. This system is generally not very recommendable, as costs are increasing to the extent to which contractors charge their profits on the value of the housing unit or building.
2. The co-operative controls construction or has construction controlled on the basis of partial contracts as for instance contracts for foundations, tile laying, metal construction,

water systems, electric installations, decoration etc. This system saves much money for the co-operative, particularly with regard to construction materials which are bought on the market with bulk discounts.

3. Very few co-operatives are directly engaged in construction. A prerequisite is that they have their own sections of architects, sections for calculations, cost estimates and technical matters, controlling directly and on behalf of the institution all activities involved. This is really the ideal system, as the costs in Colombia are about 40 per cent lower than in the case of private construction.

RIGHTS AND OBLIGATIONS OF THE MEMBERS OF THE CO-OPERATIVE

In the case of co-operatives for housing construction, the members undertake to make initial contributions. These contributions entitle them to certain housing units according to the stipulations of each individual case which also contain the prior agreement on the specification of the project, such as details of completion and terms of payment for the credit which has been granted in the individual case.

In the case of co-operatives on the basis of property and single mortgages, the member has the right to use his apartment or housing unit permanently together with his family, provided he conforms strictly to the internal regulations of the society. Provision is made also in special cases for the transfer of rights, for providing for measures of improvement and for letting in certain cases.

GOVERNMENT SUPPORT

There is no special support on the part of the Government for housing co-operatives in Colombia which is not likewise given to all other types of co-operatives. Such supporting measures

include preferential treatment with regard to tax exemption for income tax, property tax, stamp and stationery taxes.

OTHER SUPPORT

The most important support worthwhile mentioning here is the support given by AID, which in 1963 granted to FEDECOOP a revolving fund amounting to 1.5 million dollars, dedicated to testing co-operatives based on property and single mortgage. This fund was increased by contributions made by ICT and the co-operatives, which in turn are beneficiaries of the amounts of this fund.

NATIONAL ORGANISATIONS

The organisations of housing co-operatives, the Federación de Cooperativas de Habitaciones de Colombia (FEDECOOP) and the Promotora de Vivienda Cooperative (PROVICOOP), have been mentioned already. These two organisations are preparing at present a seminar with the objective of defining some solutions and policies tailored to the present situation of Colombia, a task which appears rather difficult in the light of the inflation rate prevailing in the country. Construction materials and labour are growing more expensive every day, which of course has effects on housing costs.

Early in 1980, the Fourth Interamerican Congress of Housing Co-operatives sponsored by OCA will take place in Cali, Colombia, the two national organisations being responsible for its organisation.

TECHNICAL SERVICES

Housing co-operatives do not count on any technical assistance either by Government or by private initiative. Some years ago, FCH of the United States co-operated in some studies of special importance.

EDUCATION

FEDECOOP and PROVICOOP organise special seminars at least twice a year to study the social and economic aspects of the housing co-operatives. Each and any member of the co-operative society has to attend a course of co-operative education of not less than 20 hours of duration before he is admitted to the co-operative. Each co-operative in Colombia is legally bound to provide for an educational committee and to allocate to it 20 per cent of any co-operative surplus appearing in the annual balance sheet.

PUBLICATIONS

There are only very few publications on housing co-operatives in Colombia. Provision is made for one publication comprising the papers and conclusions of the seminars organised by FEDECOOP.

COSTA RICA

FORMATION AND DEVELOPMENT

Relatively few housing co-operatives exist, but they appear to have met with some success.

LEGISLATION

Co-operatives were originally subject to the Commercial Code; from 1929 they came under the Associations Act and from 1943 under a special section of the Labour Code, on the grounds that co-operation is a means of raising working class standards. The Code refers to co-operatives of all types. The Ministry of Labour and Social Welfare is responsible for co-operative development and supervision.

TYPE OF HOUSING

Co-operatives appear in many cases to have multiple functions and may begin as savings and loan societies with the object of providing housing and other services such as consumers' stores and transport. In one case at least, members were divided into three classes:

- (a) full members prepared to acquire a house;
- (b) associate members in process of saving, but entitled to use other services offered;
- (c) firms and individuals investing in order to house their employees.

Houses were originally allotted to full members in the order in which they joined the co-operative. Later, out of every ten houses, seven were allotted by seniority and three by lot to members, who were not allowed to transfer at a profit.

FINANCIAL STRUCTURE

Public housing projects are financed, in part at least, from the Costa Rican Social Security Fund, which lends to housing co-operatives. The contribution expected of participants, and the rate of interest charged on loans are, however, both fairly high. As soon as a member acquires a house, or even a site, he ceases to make regular contributions and usually takes up a fifteen year mortgage loan, on which he makes monthly payments at the rate of 6% per annum. He must also take out fire and life insurance, the latter in favour of the co-operative. He also makes a monthly contribution for maintenance. It has been found that the borrowing power of the co-operative, both from the Social Security Fund and other sources, rises with its ownership of houses and of undeveloped sites.

METHODS OF BUILDING

The co-operative is responsible for basic services, but after experience with the direct employment of labour and the supply of materials, it was found preferable to contract with existing firms for actual building.

RIGHTS AND DUTIES OF MEMBERS

Considerable choice in the design of his house is left to the member, though a series of models are made available. A member wishing to dispose of his house within ten years must first offer it to the co-operative. If he sells to a third party, any profit in the transaction accrues to the co-operative. During a temporary absence, he must place the letting of the house in the hands of the co-operative.

AID FOR CO-OPERATIVE HOUSING

Apart from rather limited loans, there does not appear to be any aid from the state. Employers in some cases invest in co-operative housing.

NATIONAL HOUSING ORGANISATION

There does not appear to be such an organisation, at least of a co-operative character.

CZECHOSLOVAKIA

1. DEVELOPMENT OF HOUSING CO-OPERATIVES

Sources which are no longer available indicate that housing co-operatives appeared in the Czech lands for the first time in 1875, while actual documentation concerning the activity of a co-operative housing society is dated 1898. The first congress of building and housing associations was held in Prague in 1911. The total number of housing co-operatives in existence in 1914 is quoted as being 248.

After 1918, many co-operatives came into being every year; their number reached a climax in 1934, when 1,633 co-operative housing associations were registered; of these, 1,297 were recognised as working for public benefit, as a result of which they were entitled to various advantages made available by the state.

The activities and further development of housing co-operatives were restricted by the world economic crisis in the 1930's and completely stopped by the German occupation of Czechoslovakia between 1939 and 1945. After 1945, there were 442 housing co-operatives in action. A characteristic feature of housing co-operatives up to the end of World War Two was that they had to operate under conditions of fierce struggle against competition and that, through joint efforts, they sought to provide housing at acceptable cost, in particular, for the socially weaker sections of the population.

A new expansion of co-operative housing started after World War Two. By 1948, the number of housing co-operatives had increased to 942; of these, however, only about a quarter were engaged in actual building. During the period of the Two-Year Plan of

National Economic Reconstruction (1947-48), these co-operatives built two-thirds of the total planned volume of new housing construction in Czechoslovakia. Then, up to about the mid-fifties, the activities of housing co-operatives were influenced by the need to concentrate on making good the after-effects of the war, by which part of the buildings had been destroyed, while repairs and maintenance of the others had been severely neglected.

The greatest expansion of housing co-operatives took place in Czechoslovakia after 1959, when they became directly involved in the nationwide efforts to solve the country's housing problem. Ensuring adequate housing for all inhabitants was anchored in the Constitution of the Czechoslovak Socialist Republic as one of the main tasks of the state and society as a whole, which had embarked upon the road of building socialism. In this context, housing co-operatives were assigned very important tasks.

2. LEGISLATIVE BASIS OF HOUSING CO-OPERATIVES

The legal pattern, constitution and legislative basis of housing co-operatives underwent numerous changes influenced by the actual situation during the different stages of development.

At present, all co-operatives, including housing societies, have to observe the Economic Law Code (No. 109/64 of the Law Gazette), which lays down, in chapter three, the basic principles concerning the activities and organisation of co-operatives. It also regulates the position, rights and obligations of co-operative authorities and members. Furthermore, the entitlement of housing co-operatives to state grants for building is also regulated by law.

Citizens' rights and their obligations arising from the use of housing are laid down by the Civil Law Code. The appropriate provisions of this law, concerning the use of co-operative homes (flats), have been incorporated in the rules of housing co-operatives.

Housing co-operatives are entitled to various advantages which are ensured by legislation. These advantages include especially fiscal exemptions, the right to be assigned building sites free of charge, free connection to the network of public utilities, sewage, water and gas supply, electricity etc.

3. ORGANISATION

The organisation and activities of a co-operative housing society are laid down by the rules, the model of which is issued by the national co-operative union concerned and approved by the government. The rules consistently apply principles of co-operative democracy in the members' participation in the management of their societies. The highest authority of a co-operative housing society is the members' meeting; in co-operatives with a large number of members and homes (flats) - usually over 300 - the highest authority is the delegate assembly. The highest authority of each co-operative housing society meets twice every year and decides all matters of principle concerning the society's activities. It elects for a term of office of 4 years the management board (which has 5 to 15 members) and the control commission (with 3 to 9 members), considers and approves reports on economic operation, economic plans etc.

The management board is the society's executive body; it decides all matters reserved to it by the rules and implements the tasks set by the highest authority. The control commission checks, supervises and audits all the business of the society.

The organisational and economic links of a co-operative housing society are units known as self-administrations, each of which is formed by the inhabitants of several adjoining blocks of flats, or by a group of non-resident members. In the self-administrations, the members exercise their rights of direct participation; at members' meetings of the self-administrations, they consider not only matters concerning the area of the self-administration

itself, but also those relevant to the co-operative society as a whole. They also elect - for a term of office of 2 years - the committee of the self-administration, as well as delegates to the co-operative society's highest authority (the delegate assembly).

In the individual blocks of flats, members elect the block steward or a block commission, which is an intermediary between the members resident in the block and the committee of the self-administration (or, where appropriate, also between the members and the management board); the commission also organises activities as regards care for the block and relations among the resident members.

All the homes (flats) remain the property of the co-operative society; the member is the owner of his membership share, which accounts for approximately 30% of the budgeted building cost, and has the right to use the flat.

Housing co-operatives are associated in national unions. Czechoslovakia is a federation formed by two republics, Czech and Slovak. Consequently, there are two national unions of housing co-operatives in existence - the Czech Union and the Slovak Union. Both are affiliated to the Central Co-operative Council, which also includes similar national unions of consumer and producer co-operatives and exercises the function of a federal-level authority. The highest authorities of the national co-operative unions are their congresses; each congress elects (for a term of office of 5 years) the central committee of the union and the control commission. The central committee elects from among its members the management board. Delegates to the congress are elected at regional conferences of housing co-operatives, where regional committees are also elected, as the executive bodies of the national unions for the territory of the region concerned.

4. DEVELOPMENT OF CO-OPERATIVE HOUSING CONSTRUCTION

Co-operative housing construction has made a substantial contribution towards the solution of the country's housing problem and is continuing to do so in keeping with the good reputation it has earned itself in the course of its development.

Between 1919 and 1938 (according to the statistical figures of the former Ministry of Social Welfare), housing co-operatives built 42,451 houses of various types and sizes; of these, 35,552 were family houses with 130,003 homes (flats) which contained 313,422 inhabitable rooms (i.e. excluding kitchens and conveniences).

Between 1947 and 1949, housing co-operatives completed the construction of more than 15,000 flats.

Most successful results have been achieved by housing co-operatives since 1959. At the end of 1978, there were in Czechoslovakia, all told, 770 co-operative housing societies with 873,368 members, owning 637,655 flats.

In recent years, housing co-operatives have been successful not only in the construction of new homes and in helping to solve the shortage of housing, but also in their endeavours to educate their members for socialist, friendly and neighbourly relations, in protecting and improving the environment, in taking care of children's out-of-school activities in residential areas and housing estates, etc. Thus housing co-operatives have also become actively involved in the public life of the communities where they operate.

5. FINANCING

At present, the financing of housing co-operatives and of co-operative housing construction is governed by the decree of the

Ministry of Finance No. 160/76 of the Law Gazette. According to this decree, 54 to 58% of the building costs is defrayed by a non-repayable grant which is provided by the state and is calculated as follows: the basic state contribution is 7,100 crowns for each flat regardless of its size, plus 740 crowns for each square metre of the floor space of the flat up to 85 sq. metres. In certain areas and localities specified by the government, this contribution is increased by 20%. Besides that, housing co-operatives may receive another contribution from the state - an additional 70 crowns per sq. metre of floor space in the construction of 3 - 4 storey blocks, or 180 crowns per sq. metre if they build 9 - 12 storey blocks. In rural areas, where it is not possible to build multi-storey blocks, co-operatives receive a special contribution of 500 crowns per sq. metre of the floor space of the flats. Approximately 28 - 30% of the building cost is paid in cash by the co-operator himself, and this amount represents his membership share. In certain instances, members can get this amount reduced by contributing part of it in the form of their own work on the building site. The remainder required for covering the building costs can be obtained by the co-operative society in the form of credit made available by the State Bank, repayable within 30 years at the rate of interest of 1% in respect of floor space up to 85 sq. metres per flat. The rate of interest for floor space in excess of this size is 3%.

The above-mentioned decree also makes other advantages available to housing co-operatives, in the form of help they can get from local government authorities, which are obliged to hand over to co-operatives free of charge building sites in a condition allowing for construction to be started, as well as to defray the costs of basic technical equipment and the connection of the co-operative houses (blocks) to the public networks of communications, electricity, water piping, sewage, gas supply, heating etc. In cases of co-operative housing construction on

a major scale, the local authority also provides the physical planning for the co-operatives free of charge. The actual construction is carried out by national enterprises, which charge prices fixed by the state at a uniform level.

Housing co-operatives do not receive any contribution towards their operational costs. Consequently, they must operate on the basis of a balanced budget, the costs being covered by income from members. The costs include, in particular, instalments towards the repayment of credit obtained from the State Bank, allocations to the repair and maintenance fund, contribution towards the administrative costs of the co-operative society, as well as payment for services provided by the society, i.e. supply of heating and hot water, for the water supply and trash collection, for the lift, for the use of laundry equipment etc.

6. SOME FACTORS WHICH PROMOTE OR IMPEDE DEVELOPMENT; PROBLEMS

A major problem in the harmonious development of co-operative housing construction and in the structural pattern of the network of housing co-operatives is the size of the existing societies and their internal organisation. In small co-operatives, it is not possible to introduce modern forms of management, to use automation and to employ highly qualified technicians and other specialists. On the other hand, they do allow for members' direct participation in the management and administration of the co-operative society. Integration has led to the creation of housing co-operative societies with a large number of flats (from 5 to 15 thousand). Their operation is highly demanding as regards organisation and methods of management, where a high professional standard is required. This, however, tends to reduce the influence of rank-and-file members on the management and administration of the co-operative affairs, and a weakening of their contacts with the co-operative officers can be another undesirable effect.

Another field requiring considerable attention is the education and training of personnel for work in housing co-operatives; it represents a wide and specific problem area, different from other organisations in several respects.

A factor of great importance for the successful operation of housing co-operatives is efficient organisation of the overall care, repairs and maintenance of the buildings and premises, in order that the members should feel satisfied in their co-operatively owned homes. The system of maintenance and repairs entails numerous problems of a technical, economic and organisational character.

DENMARK

Non-profit housing in Denmark at the present time (January 1st, 1979) comprises approximately 655 housing associations with a total of about 325,000 completed dwelling units. This corresponds to approximately 15% of Denmark's 2.11 million dwellings and around one-third of the country's 980,000 rented dwellings. About 58,500 (18%) of the 325,00 dwellings owned by non-profit housing associations are single-family properties (individual, terrace, semi-detached and atrium-type houses), the remaining 266,500 (82%) being apartments in multi-storey blocks, for the most part three-storey buildings. Of the remainder of Denmark's housing, 4% is owned by central and local authorities and 81% is privately owned (i.e. there are just over one million owner-occupied single-family houses, and half a million privately owned rented dwellings in multi-storey blocks).

DEVELOPMENT OF NON-PROFIT HOUSING ENTERPRISES

Naturally the country's 325,000 non-profit dwelling units were not built overnight. We obtain an idea of the rate of construction when we study the numbers of dwellings owned by members of the Federation of Non-profit Housing Societies at various times. The Federation was founded in 1919 when it was recorded that members owned a total of 2,500 dwellings. The first two modern non-profit housing associations, Arbejdernes Andels-Boligforening and Arbejdernes Kooperative Byggeforening, were established in 1912 and 1913 respectively.

Denmark had its first co-operative housing association as long ago as the 1860's, and others followed the enactment in 1887 of the first Housing (Subsidy) Act. For the most part, however, these were groups of people who admittedly built houses but who failed to keep the property in the ownership of their associations. When dwellings changed hands on a completely free basis,

they lost their social value. One noteworthy exception was the houses built by the Danish Medical Association after a cholera epidemic in 1853; the association set up at that time, *Laegeforeningens Boliger*, exists to this day as an independent institution which continues to own the property. These dwellings are badly in need of internal renovation but constitute externally an agreeable open housing scheme in Copenhagen.

During World War One and in the immediate post-war period, private commercial interests considered it an excessive risk to engage in building activities. An effort to cope with the current housing and unemployment problems was therefore made by granting statute-backed government loans to non-profit housing associations for the construction of homes. The two associations started in Copenhagen in 1912 and 1913 gained rapidly in strength under the new loan scheme, and additional housing associations were set up in the capital and in the provinces. Some still exist today as non-profit associations. But as happened with so many organisations in the early days of industrialism, many of the so-called non-profit associations quickly ceased operating and permitted members to sell their houses and apartments whenever they wished. Partly with a view to reversing this tendency, a number of farsighted association officers (representing several housing co-operatives) met in 1919 to form the Federation of Non-profit Housing in Denmark. This organisation is still vigorously active today and faithful to its original objective: to provide a forum for Denmark's housing associations, to safeguard the interests of associations and their members, and generally to exert an influence on housing development. From the outset it has been an unbending condition of membership that through their statutes and professional practice the housing associations eliminate all forms of speculation in housing on the part of themselves and individual member tenants.

For several years after 1927 Denmark had no legislation to support house-building activities. The wave of unemployment resulting from the depression, however, swept a new Act through the Danish Folketing (Parliament) in 1933, authorising government loans to finance housing by housing associations and limited-profit joint-stock companies. Under the 1933 Act, government loans were available only to those housing organisations whose statutes were approved by the Minister for Home Affairs. This in turn provided a means of laying down rules excluding financial speculation. The main features of these rules are still operative, e.g. any profit made must be reserved exclusively for building purposes, and in the event of liquidation, the individual housing association must transfer its properties and other assets to the local authorities. Rents must be fixed - individually for each separate building project - at a level that covers operating costs.

On repayment of a mortgage, rents are not however reduced by an amount corresponding to what was previously paid in interest and capital repayments on the loan, unless the general level of rents makes a reduction desirable. Instead, the amount formerly used to service the debt is transferred to a building fund held by the individual housing association. This fund is used to modernise older housing and finance new housing projects. Although building funds have been a statutory requirement since 1933, only minor sums have accrued to them, chiefly because the loans used to finance housing from that period are repayable over 45-60 years. Another factor is that non-profit housing erected in the 1930's was rather limited in extent and built at much lower cost than nowadays.

A tenant taking up a lease in a new non-profit housing scheme is required to contribute the proportion of the dwelling's construction cost for which finance has not been available in the form of a mortgage or government loan, i.e. 3% at the present time. On vacating the dwelling, the tenant returns the latter

to the housing association and his original deposit is repaid to him. The association then allocates the dwelling to a new tenant, who pays the same amount of deposit as the outgoing tenant receives.

From 1965 to April 1975 the amount of deposit was regulated according to the net consumer price index: the outgoing tenant is repaid his original deposit which is for the period mentioned above adjusted upward in accordance with the appropriate rise in the index, and the incoming tenant pays the same amount in deposit.

When wartime conditions once more undermined the earning prospects of the private landlord, who was thus reluctant to venture on new construction (owing partly to rent control), the rate of government lending for the financing of new housing rose substantially in relation to the modest sums set aside for this purpose in the 1930's. The decade 1940-50 consequently emerged as a period of unprecedented expansion for non-profit housing. In collaboration with a number of trade unions and other sections of the labour movement, the Federation in 1941 formed a new body, Arbejderbo, to set up housing associations in areas where these were needed and to assist them with their house-building plans. Utilising to the full its contacts with local trade union representatives and representatives of the labour movement on local councils, Arbejderbo helped establish many housing associations during the 1940's, and up to the present time has contributed toward the construction of 80,000 dwellings.

Several parent companies were formed in the Copenhagen area to set new construction schemes in motion and also to administer completed projects on behalf of subsidiary companies, both in Greater Copenhagen and throughout the rest of the country. One independent association assisted in this manner was Lejernes

Landsorganisation (National Tenants' Federations). One of the founding members of the Federation of Non-profit Housing in Denmark had formed Københavns Almindelige Boligselskab in 1920 as a limited-profit joint-stock parent company operating through a number of subsidiaries. During the 1930's the company worked independently of housing legislation but in the 1940's and 1950's it set up non-profit housing associations in accordance with legislation throughout the metropolitan area. With its subsidiaries and its administration of 30,000 dwellings K.A.B. is now the largest non-profit housing concern in Denmark.

Throughout the 1950's new housing constructed by non-profit associations was more extensive than anything witnessed before or since. They were responsible for 40-50% of all dwelling units completed in towns and urban areas. But in 1959 third mortgages, which had hitherto taken the form of direct government loans were replaced by mortgages issued by newly established mortgage-credit institutes on the private capital market. In order to hold tenants' deposits in non-profit housing at a socially acceptable level, this category of building was granted government guarantees for third mortgages, bringing the total mortgaged loan in non-profit properties to 94% of construction costs. Interest was payable at open-market rates but to reduce operating expenditure during the early years of the scheme the State granted subsidies (a flat rate according to floor area) in respect of rented property built by non-profit and private investors.

The rate of private, unsubsidised house-building increased dramatically from 1959 onward. New rented property built without government subsidy was exempt from any form of rent control. And the construction of private, single-family houses, no longer eligible for government subsidy under housing legislation, received in Denmark - as in a number of other countries - increasingly favourable treatment under income-tax regulations governing the value of owner-occupied homes.

As a consequence of a fluctuating level of building activity and the fact that there was no control of land and construction costs in as much as 60-70% of the building industry not subsidised under the housing legislation, house-building costs soared. Interest rates also climbed from 6% in 1959-60 to 8-9% in 1965-66. Private landlords had difficulty in finding tenants and there was a distinct danger that the same situation could affect non-profit housing. This risk, however, was averted when the Danish Folketing passed new, improved housing subsidy legislation in 1967.

At the same time rents in older property were adjusted to something like the higher rents charged in new property. Following a comprehensive programme of rent assessment, permission was given for private landlords to make certain rent increases in respect of properties built prior to 1963; a similar concession was given to non-profit housing associations, except that here the extra rent income had to be transferred to a specially formed fund, the National Fund of the Housing Associations of Denmark. The rent increases were graduated over a period of eight years (1967-74) and the National Fund is making loans available for the financing of new non-profit housing. No repayment of capital or interest is required as long as the association concerned is in receipt of housing subsidies from the State; this system reduces the State's subsidy costs correspondingly. The National Fund has accumulated a capital of D.kr. 300 million over the first 8-year-period, and then D.kr. 69 million each year. It shares offices and some of its administration with the Federation. In 1975 housing legislation was changed whereby a new way of financing construction of non-profit dwellings was provided. From April 1st, 1975 the National Fund should raise D.kr. 130 million through a levy on dwellings built before 1965, equal to approximately 8% of construction costs of 8,000 dwellings, while the Government and the municipalities should provide 10% and 5% respectively. The tenant was to contribute 3% and the remaining 74% should be obtained as a mortgage loan.

Due to increases in construction costs, the means of the Nationals Fund did not suffice; in 1977 the share of the Fund was reduced from 8% to 7%, and the number of dwellings to be financed under the new system was cut back from 8,000 to 7,000 units. The contribution from the municipalities was accordingly raised to 6% of construction costs.

Today, three types of non-profit housing organisations are operating in Denmark. Of the 325,000 completed dwellings, 44% are owned by housing co-operatives, their supervisory boards being elected exclusively by tenants and housing applicant members; 45% of the completed dwellings are owned by self-governing housing associations in which the majority of the supervisory board is nominated by the local authorities, while tenants are entitled to elect one or more members but not the majority; 11% are owned by joint-stock companies (limited dividends). The majority of the board of directors are elected by the shareholders and one or more, but always a minority of the directors, by the tenants. Tenants, however, are secured extensive rights of self-determination in local matters as occurs also in self-governing associations and joint-stock companies. Irrespective of the manner in which the association's supervisory board may be appointed, all organisations are subject to the same rules as regards the fixing of rents, payment of deposits, building fund management and social obligations. One of these is that a certain proportion of homes in the older, cheaper category should be reserved for families with minimum incomes and for families made homeless by re-development activity.

It is a general rule that the dwellings are to be let to people with ordinary incomes (as precisely defined in the legislation) to the extent they wish or are able to rent them, and that households with children have priority in respect of homes with three or more rooms (excluding kitchens). In the case of equal rights between several applicants, the housing co-operatives must give preference to the one who has the longest member seniority.

It follows that for the user there is only a modest difference between living in a flat owned by a non-profit housing co-operative, and occupying the property of a self-governing housing association or joint-stock company. The rent is fixed according to exactly the same principles - so that each housing estate constitutes a separate economic unit that has to pay its expenses, through the rent, for interest and repayments of mortgage loans (initially reduced by the Government interest guarantee) which will be completely fixed for many years, and for the remaining operating costs (property taxes, insurance, cleaning, maintenance and reserves for renewals) which will normally increase in step with the prices and wages development, and also be influenced by the standards determined by the tenants for the maintenance and the extent of improvements of the estate. The tenants' right to participate in decisions relating to the use of the estate is primarily independent of the form of organisation of the company.

The tenants' participation in the planning of new housing construction takes place only through the company management. Who the tenants of a new housing estate will be is not known - and it is very difficult to find out - until the housing is ready to be let. Some of the reasons for this are that the planning period is long and the terms of construction and the subsidy provisions of the housing laws are often altered.

In order to obtain a home in a non-profit housing complex it may, as mentioned above, be a condition that the applicant's income is below a certain level. In a housing co-operative he is also required to be a member. Membership is obtained by the payment of a registration fee of 20-100 kr. In certain cases there is an additional very small annual payment - maybe 10 kr.

The table shows the relative importance of the three forms of companies existing within non-profit housing in Denmark - in respect of new housing construction as well as housing stock.

Of the total housing in Denmark less than half was built before 1941. Of the 325,000 flats owned by non-profit housing companies in Denmark, only a little more than 14,000, or 4-5%, were built before 1941, and out of these only 7,000 - 8,000 before 1934. Consequently it is a very modest proportion of the 325,000 flats which are not equipped with modern technical installations - such as central heating, hot water, laundering machines, etc. From a quality point of view, there is no difference between flats built by housing co-operatives and those built by self-governing housing societies and joint-stock companies.

NATIONAL HOUSING ORGANISATIONS

Denmark is particularly rich in this field. Nearly all non-profit housing associations are members of the Federation of Non-profit Housing Societies. This is governed by a Triennial Congress, to which each association sends up to ten delegates. It is divided into ten regions, each under a manager. A regional chairman and vice-chairman, together with representatives of societies with more than 10,000 dwellings and representatives of the staff, the Tenants Association and the Danish Council of Trade Unions, constitute the board of the Federation. Its income is provided by subscription.

The general work of the Federation covers public relations, legislation, agreements with trade unions and architects, legal, technical and economic advice, co-ordination for building programmes so as to secure continuous use of labour and supply of building materials, seminars and meetings for the education of representatives of members' societies.

The Federation has set up a number of subsidiary organisations, including a wholesale society for the supply of building materials, depots from which building equipment can be hired, a building centre providing technical research and information, a credit fund, established under the Act of 1958, which provides

third mortgage loans and underwrites mortgage loans from other sources, and an undertaking called "The Danish Kitchen Set", which produces standardised furniture components. In 1945, the Federation set up the Independent Institute of Building Accountancy, which calculates costs of material and labour, criticises projects, checks tenders and contracts, and studies general technical and economic problems. It publishes a monthly magazine.

A second national organisation, Workers' Housing (Arbejderbo), founded in 1941, is concerned mainly with housing projects carried out by workers' productive or consumer co-operatives rather than by prospective tenants. It has, however, the object of promoting and advising on non-profit housing of all kinds. The founder members were the National Federation of Non-profit Housing Societies, the Trade Council of the Labour Movement, the National Federation of Building Trades, the Trade Union Congress, and the Central Union of Urban Co-operative Societies. It also has subscribing members, including federations of building trade unions, some of the founder members, and the Co-operative Finance Fund of the Labour Movement. The third class of members consists of non-profit housing associations, for which Workers' Housing acts as manager. The organisation is governed by a general meeting and elected committee, on which the Ministry of Housing and the local authorities are also represented. The Ministry appoints a supervisor.

The original object of Workers' Housing was to provide managerial services for affiliated societies during the period of construction, and then hand back control. Some societies, however, preferred continuous management by a qualified body, and in 1948, Workers' Housing established a subsidiary management society, which now controls 10,000 dwellings (about one-third of those built under its auspices).

HOUSING CONSTRUCTION: NUMBER OF DWELLINGS 1974-1978

	1974	1975	1976	1977	1978
COMPLETED in Denmark - total	48,595	35,510	39,218	36,276	34,218
Of this:					
Non-profit Housing	11,436	8,673	9,041	6,405	5,501
Non-profit Housing %	24	24	23	18	16
Municipalities and state	880	532	350	408	581
Municipalities and state %	2	/	/	/	2
 BEGUN in Denmark - total	 24,708	 33,614	 35,932	 34,651	 33,863
Of this:					
Non-profit Housing	8,603	8,971	4,933	3,808	6,622
Non-profit Housing %	33	27	14	11	20
Municipalities and state	95	487	725	797	344
Municipalities and state %	0	/	2	2	/

HOUSING CONSTRUCTION AND STOCK IN VARIOUS CATEGORIES OF NON-PROFIT HOUSING

	COMPLETED		STOCK	
	1975-77		31.12.78	
DWELLINGS in Denmark - total	111,004		2,083,000	
Of this:		%		%
Members of BL*	20,711	100	299,899	100
Of this:				
216 Housing co-operatives	10,344	50	132,400	44
269 Self-governing assocs.	8,879	43	133,590	45
35 Joint-stock companies	1,488	7	33,904	11

* The Federation of Non-profit Housing Societies

FEDERAL REPUBLIC OF
GERMANY

FORMATION AND SUMMARY OF DEVELOPMENT

The first experiments in co-operative housing took place in 1849. They were semi-philanthropic, organised in accordance with the association and company law valid at that time, and aimed at the welfare of skilled workers. They were financed by membership dues, sweat equity and shares. The organisation soon ceased to be co-operative. The first genuine and permanently successful housing co-operatives date from 1862. They were established locally, and later came together to form their own audit unions. By the 1920's they numbered over 3,500. Other non-profit housing organisations in the legal form of joint stock companies or companies with limited liability were carried on by public authorities, trade unions, churches, and public and private enterprises. With the adoption of the Non-Profit Housing Act in 1930, they received additional recognition in the form of tax benefits.

In the course of the general policy of keeping the economy in leading strings during the Nazi regime, the co-operative non-profit housing societies were restricted in their activities but have, since then, made a good recovery. The housing co-operatives have been held back principally by their greater dependence on their own members for funds, resulting in a slower accumulation of capital than has been possible in non-profit housing companies. Of the total number of 1871 non-profit housing enterprises in the Federal Republic, however, 1235 are co-operatives. Within the group of non-profit housing enterprises co-operatives are responsible for about 29% of the output of housing, which has been running at an annual total of 40-60,000 in recent years.

LEGISLATION

Housing co-operatives are incorporated under the general co-operative law of 1889, which for the first time made possible limited liability. It confers legal personality and the right to own property, to own and sell, to sue and be sued. It also lays down in some detail the democratic control and, along with the Non-Profit Housing Act, the non-profit making character of a co-operative, and establishes the obligation to belong to an auditing union and to undergo regularly, at least every two years, an officially recognised form of audit regarding financial status and regularity of management. Bigger co-operatives undergo this form of audit every year.

Housing co-operatives were recognised and received certain rights under the Non-Profit Housing Acts of 1930 and 1940, and the Acts on Housing Construction of 1950 and 1956. These acts lay down some details on the operation and control of housing enterprises and govern state loans and subsidies.

TYPE OF HOUSING

The objects of a housing co-operative are to build and administer dwellings, to be let at reasonable cost to low income and middle income groups. They may build on behalf of individuals and other non-profit housing organisations, but not as a commercial speculation. If a housing co-operative is wound up, all assets must pass to a similar organisation and be used for a similar purpose. Any sale of property must be at the cost of construction. Housing projects built by building trade workers are not classified as co-operatives. Most co-operative housing projects take the form of blocks of flats. In recent years, the Act on Housing Construction has favoured the building of individual houses for private ownership.

FINANCIAL STRUCTURE

Each member is obliged to take up one share of at least DM 300. In addition, according to financial requirements, members have to take up more shares, if this is prescribed in the bye-law. More than one person from the same family may become a member. The share may not be repaid unless the member leaves the co-operative, nor may it be transferred nor pledged as security for a loan. Most housing co-operatives also expect the member to assume an obligatory liability equal to the share.

Sources for the financing of co-operative housing are

- financial institutions (mortgage banks, saving banks, life insurance funds, etc.)
- public funds
- own resources
- other sources (e.g. employer's loans, etc.).

The table below shows the new construction of co-operative tenancy housing between 1960 and 1978 and the amount of capital coming from the various sources:

	Costs per Housing Unit	Financial Institutions	Public Funds	Own re- Sources	Other Sources
1960	27,200	12,000	8,200	2,300	4,700
1978	109,600	45,300	37,700	22,100	4,500

In 1979 the number of tenancy units built by co-operatives was increased again to about 5,000. The most important conclusion which can be drawn from these figures is that the increase in

building costs is reflected particularly in the increase of capital from the co-operatives' own resources:

	Housing Units	Total Expenditure mio. DM	Financial Institutions		Public Funds		Own Resources		Other Sources	
			mio. DM	%	mio. DM	%	mio. DM	%	mio. DM	%
1960	35,707	972.2	429.3	44.2	291.3	30	82.1	8.4	169.5	17.4
1978	3,755	414.4	169.9	41.3	141.4	34.4	83.1	20.4	17.0	4.1

For the co-operatives this means that they are - more than in former times - depending on their own capacity and the willingness of their members.

METHODS OF BUILDING

Social housing, whether private or public, is subject to the instruction of the public authorities in respect of planning, construction, social amenities, renting and rent levels. Co-operatives do not undertake actual construction, but seek tenders by public competition, and allot contracts. Like other building contracts, they are bound by statutory provisions.

RIGHTS AND DUTIES OF MEMBERS

In co-operatives with up to 3,000 members, all members are entitled to attend the annual general meeting. As a rule, each member has one vote; proxy voting is permitted only in exceptional cases. In large co-operatives (from 1,501 members optional, from 3,001 members imperative) members elect delegates to attend the assembly of the delegates. The annual general meeting

elects the supervisory board, which in turn elects the executive board of three or - depending on the provision in the bye-laws - more members for a fixed period. Less than half of the members of either the supervisory board or the executive board may be members of the building trade. Construction, maintenance or modernisation of houses for members of a co-operative who are also members of the building trade need the approval of a three-quarter majority of the supervisory board. Construction, maintenance and modernisation of houses for members of the supervisory board or the executive board who are also members of the building trade is permitted only if the Registration Office agrees after hearing the district auditing union and after unanimous approval by the supervisory board.

Management and administration of the co-operative is the task of the executive board. The supervisory board is a controlling authority. Certain important decisions within the responsibility of the executive board can be bound to a previous approval of the supervisory board. However, this has to be laid down in the bye-laws. The model bye-laws for housing co-operatives published by the National Federation of Non-Profit Housing Enterprises e.g. quotes the following tasks (abridged):

- a) development of building programmes
- b) principles for the transfer of flats to the tenants and the use of the collective facilities
- c) principles for self-help building
- d) principles for the sale of houses and building sites
- e) principles for the administration of housing projects.

Occupation of a dwelling is tied strictly to membership of the co-operative. On the death of a member, his widow, or another relation already living in the dwelling, may take over the tenancy.

The acute need for housing led co-operatives to aim primarily at economy and efficiency rather than at social values and membership participation. Interest has recently shifted to a housing programme less heavily subsidised and controlled, and more democratic in character. More people are in a position to provide a substantial part of the capital required. In rural areas they are ready to give labour instead of cash. There is more interest in the type of housing required.

AID FROM NATIONAL AND LOCAL GOVERNMENT

This is mainly financial, and has been described in the section on finance above.

NATIONAL HOUSING ORGANISATIONS

All housing co-operatives, as well as other non-profit housing organisations, must be members of one of the ten auditing unions, each covering a province (Bundesland). Their functions go beyond that of financial audit. They provide consultative and advisory services on legal, financial and economic questions, represent the interests of housing co-operatives before public authorities, and train their officials and staffs. The housing co-operatives must furnish them with full information on their activities and must accept the decisions of the union on important aspects of their affairs. Representatives of auditing unions may attend all annual general meetings and must be notified of changes in executive boards and management committees. The cost of running auditing unions is met out of membership fees and auditing fees.

The National Federation of Non-Profit Housing Enterprises represents the entire German non-profit housing movement. Membership consists of the auditing unions and the Federal Union of German Homesteads, which is concerned with individual family houses for resale, and is a member without voting rights.

Housing co-operatives are not direct members of the Federation but have recently been admitted to representation at the Annual Council and on the Committee of the Federation. This consists of 28 members. The president is elected at the congress by the delegates of the auditing unions.

The National Federation is organised in departments concerned with legal, economic, statistical, managerial, administrative and technical matters. It deals with finance, public relations, international contacts and contacts with housing institutions, banks, insurance companies, tenants, private owners, trade unions, employers' associations, members of parliament, and the government.

PUBLICATIONS

The National Federation of Non-Profit Housing Enterprises publishes in German a monthly journal, Non-Profit Housing, and a popular magazine, Good Housing, aimed at the occupier-member. It also circulates weekly notes and publishes relevant texts and a Year Book.

In the last ten years, increasing interest has been shown by German housing co-operatives and non-profit housing enterprises in promoting similar organisations overseas. The organisation in being, DESWOS (German Development Assistance Association for Social Housing) endeavours to use the instrument of self-help to create healthy housing conditions in developing countries and is active in international work in Africa, Asia and Latin America.

FINLAND

FORMATION AND SUMMARY OF DEVELOPMENT

Co-operative housing is a comparatively late development in Finland. The general Co-operative Law of 1901 did not foresee the special needs of co-operatives for house-building, and the Law on Housing Companies providing for the building of housing blocks, in which shares were owned either by the occupants or by the investors of capital, was issued as late as 1926. Only a little government aid was forthcoming until 1950. The initiative came from the "Progressive" Co-operative Union Kulutusosuuskuntien Keskusliitto (KK), hitherto principally interested in consumers' co-operatives and insurance. In 1939, KK with its associated wholesale society (OTK), the Insurance Society (Kansa) and the Helsinki Retail Co-operative Society (Elanto), formed, under the Co-operative Law, the Helsinki Co-operative Building Society (Haka), with the specific object of building the Olympic Village for the Games which should have been held in 1940. A year later, KK set up an advisory housing council, the members of which were co-operative experts, architects and representatives of banks.

KK formed a number of local societies, also called Haka, in large and small towns. Their membership consisted of local consumer co-operatives, KK, OTK, Kansa, the local authorities and in some cases private firms. Development was accelerated by the housing shortage after the Second World War, caused by war destruction and the need to rehouse refugees, which led to much more government aid of various kinds being made available for co-operative and other types of housing. By 1978, the Haka organisation had 13 regional, 8 local and 2 building societies and had completed more than 89,000 dwellings.

LEGISLATION

The larger Hakas, which may expect to have scope for continuous development, are registered as co-operatives. The smaller, self-contained projects with a limited number of owners, are registered as companies.

In 1949 the government set up a State Housing Board known as Arava (renamed National Housing Board in 1966), with power to provide loans on mortgage for new housing, and today also for basic repairs. Aid to house building is also provided under the Rural Areas Land Procurement Act, although its main objectives are agricultural. These Acts were to improve the volume and standards of housing and at the same time increase employment in the building trade and spread it more evenly over the year.

TYPE OF HOUSING

Haka societies build almost exclusively blocks of flats. The completed block is transferred to the occupiers (under the Law on Housing Companies), or to the tenants (under the Law on Real Estate Companies).

FINANCIAL STRUCTURE

The Haka organisations have to compete with other housing projects, including those of private builders, for state loans, and their schemes must stand up to economic and social scrutiny. They are expected to be able to provide considerable capital from other sources, including (a) shares of prospective owners amounting to 10-30% of the total value of the property; (b) first mortgage loans covering 30-50% of total value. Of these, 30-60% are from local credit institutions. Capital from these sources must not exceed 90% of total value in the case of owners' houses, and 95% in the case of rented houses. The

state loan is made on second mortgage, and may cover 30-60% of total value. It may be for up to 25 years, and the interest is 1-3% per annum, in old houses close to the rate of interest on bank loans. No amortisation is required for the first two years, sometimes not for the first 8 years.

METHODS OF CONSTRUCTION

With the exception of two Haka societies, which do their own building work, contractors are employed. They are chosen by tender.

RIGHTS AND DUTIES OF MEMBERS

The owners of a housing company in Finland and the members of a housing co-operative in other countries have approximately the same rights from the point of view of administration: they elect the board. The aim is to grant tenants, too, certain administrative rights, and experiments are being made in this respect.

AID FROM NATIONAL AND LOCAL GOVERNMENTS

The parts played by local authorities as members of local Hakas has already been described, as have the loan facilities offered by the National Housing Board. The state will subsidise the rents of rented and owner-occupied dwellings in the case of families with children, pensioners and students.

NATIONAL HOUSING ORGANISATION

The work of Haka and the Housing Council has already been described. The Haka Department of Co-operative Union KK serves as the unofficial central organ of the nationwide Haka organisation; the Department of Housing Policy is in charge of questions related to housing policy within the Finnish Co-operative Movement; and the Planning Department undertakes designing and planning.

FRANCE

FORMATION AND SUMMARY OF DEVELOPMENT

Some housing societies were formed "on Rochdale principles" by 1860, but were experimental in character. Housing Acts were passed from 1894, of which the most influential was the Act on Low Cost Housing, of 1919, completed by the Law of 1922. A number of public offices for low rent housing were established by departments or municipalities, which provided basic resources in the form of land, subsidies or capital funds, and were eligible for state loans. Public offices also received contributions in land and capital from industries anxious to provide housing for their workers. The housing to be assisted was not necessarily co-operative, but it was left open to private persons to form housing societies which would be eligible for loans and for housing societies already in existence to take advantage of the new facilities.

In spite of some development of co-operative housing between the wars, the general housing position in France deteriorated, due in part to rent control acts, which made house building and repairs equally unprofitable, but even more to the destruction of the Second World War, shifts of population, an increased birth rate, a general decline in the building industry, especially in the skilled men at its disposal, and in the supplies of building materials and capital.

Since then, much development has taken place, promoted by Low Cost Housing Agencies known as H L M (Habitations à Loyer Modéré), not all of them being co-operatives. In 1960 there were 88,575 dwellings completed by H L M co-operatives, then numbering 250. In 1977, the number of dwellings built by the H L M co-operatives was estimated at 350,000, of which 280,500 will have passed into ownership.

Besides the HLM co-operative sector, which depends on the methods of funding and administration laid down in the laws affecting HLM, an important co-operative movement, the "Beaver Movement", developed spontaneously during the 1950's, with "investment of labour" as its key-note. As state assistance has developed, this co-operative housing sector, referred to as "ordinary", has made its impact upon the private building sector during the last 25 years. Dwellings constructed by housing co-operatives other than HLM are estimated at 150,000.

Since 1978, HLM housing co-operatives have significantly slowed down the extent of their activities as a result of particularly restrictive regulations which now affect them.

In 1978 there were 100 HLM co-operatives actively engaged in production; 7,000 dwellings were completed during that year. The officers of the co-operatives have made great efforts to adapt to the situation in order to enlarge and diversify their capabilities.

There has been no irreversible defeat, but public authorities by their policy of disengagement are adding yet more difficulties to the position of newly-founded co-operatives, who must contend with a competitive market despite a serious structural handicap. They rely to a very large extent on their participation structure, standing closer to the occupants and thus better able to respond to their needs. They also possess management systems and a network of financial guarantees which should protect them from financial hazards and ensure more effective services for the co-operative members.

LEGISLATION

The functioning of HLM co-operatives was completely reorganised by legislation in 1971. Since then all housing co-operatives, whether HLM or not, have been subject to very similar regulations.

In particular, new legislation of 1977, aimed at the reforming of housing aid, has changed the conditions under which state aid is given.

TYPE OF HOUSING

During the inter-war period, the HLM co-operatives built mainly single family houses, and the system was based on "tenancy allocation", which ended in full ownership as soon as the debt had been paid off. Some housing was, however, built for permanent letting. In 1947 the system was revised. Explicit provision was made for the retention by the co-operative of the ownership and management of the building. Dwellings might be let to tenants in the ordinary way, or there might be a new form of tenancy allocation, carrying with it the right to permanent occupation. Three forms were thus available:

- (a) co-operative building for future private ownership
- (b) co-operative "privileged tenancy"
- (c) ordinary letting to members of the co-operatives.

Since the Decrees of 22nd November, 1965, establishing the model rules for HLM co-operatives, only forms (a) and (b) have existed, and co-operatives must adopt either (a) leasing terminating in ownership ("allocation leases") or (b) co-operative tenancy.

The sections of the Law of 16th July 1971 are as follows:

1. Suppression of co-operative tenancy and co-operative tenancy societies. Dwellings built on this system are either sold to the occupants on conditions fixed by decree, or transformed into simple tenancy, the occupiers being reimbursed for any contributions paid.

The societies for co-operative tenancy must become simple joint stock companies and abandon their co-operative features.

2. Exclusion in the future of allocated tenancy; this formula remains valid for dwellings already built.

3. Creation of a new category of co-operative - co-operatives for the production of HLM housing. The object of these societies is
 - (a) to offer services to building co-operatives in order to acquire property, as laid down in Clause III of the Law of 16th July 1971;
 - (b) to offer services to individuals who hope to build houses, combined with the provision of loans;
 - (c) to sell individual houses under certain conditions;
 - (d) to provide services in the field of older dwellings.

The building co-operatives (SCC) brought into being by the HLM production co-operatives are private societies with no fixed capital, known as "allocation societies", that is, the rights of the members are represented by the sums they subscribe to the capital. This entitles them to the allocation of a designated dwelling, at first with occupants rights but later in freehold, the price being strictly the cost price.

The objective is limited to a single programme. Before commencement of work a general meeting of the members must approve all technical and financial aspects of the programme, the bases on which the cost price as foreseen is to be shared, the scaling of payments to be made by the members, and the co-ownership regulation.

When the completion of the building work and its conformity with the project plan have been established, the accounts must be finalised by a general meeting of the members and costs shared among the contributors in accordance with the bases initially laid down.

A supervisory board, consisting of two members elected annually by secret ballot, must exercise surveillance.

The co-operative system thus enables those who will occupy the property to take part in working out their building programme and also, in a general way, their social life, to safeguard their personal and collective interests and to build strictly at cost.

SCC building co-operatives other than HLM are governed by the same basic regulations and function under the same conditions.

SOURCES OF FINANCE FOR HLM CO-OPERATIVES

THE REFORM OF AID FOR HOUSING INTRODUCED BY THE LAW OF 3rd JANUARY 1977

This act sets forth a basic re-organisation of the conditions of state intervention in the financing of housing for rent and for acquisition as property.

The following description concerns only the section of the Law regarding acquisition of property, which involves HLM and other co-operatives. Its essential characteristics are limitation of assistance to investment and emphasis of assistance to the individual.

PERSONAL AID FOR ACCOMODATION (APL)

Personal Aid for Accomodation is adapted not to the dwelling financed but to the situation of the beneficiary, and to the way in which it is expected to develop. It is paid to the lending institution which credits the borrower of the APL loan.

LOANS ON ACQUIRING PROPERTY

Agreed loans (PC) are made by banks under an agreement with the Crédit Foncier de France. They are subject to technical

and selling-price standards varying with the geographical region. There is no ceiling to the financial resources of the beneficiaries, and they may amount to as much as 80% of the selling price. PC loans do not carry any state aid but confer a right to APL assistance.

Assisted loans for acquisition of property (PAP) are extended by Crédit Foncier de France, Crédit Agricole, Caisse de Prêts aux organismes HLM (only HLM organisations), and by Caisse d'Épargne. They are granted for a maximum duration of 20 years. The interest rates are at present 8.10% for the first 9 years and 10.90% for subsequent years, with a two-year grace period on capital redemption. From the fourth year onwards the annual repayment rises by 3.5%. The amount is determined by the size of the dwelling, its geographic location, its cost and the resources of the occupants, loans being increased if the resources of the beneficiaries are less than 60% of the ceiling imposed.

SPECIALISED BANKING ESTABLISHMENTS

The HLM co-operative may also, in certain circumstances, use specialised banking institutions.

Housing Credit, affiliated to the central co-operative Credit Bank, was set up in 1964 by the HLM movement. It helps to finance the acquisition of land by co-operatives. In conjunction with the auditing association A.RE.COOP, it provides security under the regulations laid down since 1971 for co-operative building societies.

Co-op Housing (Interprofessional and Interco-operative Council for Housing) founded by the HLM co-operatives and the workers' productive co-operatives, is an institution which collects the obligatory employer's contribution for housing. Its activity is essentially directed towards the HLM sector.

METHODS OF BUILDING

Construction is carried out by contractors who submit tenders in open competition. They may include building workers' co-operatives. The choice of architects is free and need not be submitted to competition. Planning, checking of estimates and tenders, with supervision of actual building, is carried out by housing co-operatives. It is inspected by several government and municipal departments.

The HLM and workers' co-operatives have come to occupy an important place in the realms of technical skills, materials and new building methods. In particular, the first achievements in utilising solar energy were the result of a concerted operation by the Federation of HLM Co-operatives. Co-operative housing estates have been designed and built to obtain their hot water from solar boilers, while other houses and small blocks of flats enjoy solar heating and air conditioning.

Co-operatives also make their presence felt in the societies for applied research and with large industrial and chemical firms, utilising advanced findings for their own programmes. They thus avoid being excluded by the profit-motivated companies from future developments and held back at the level of inferior technology. The Federation of HLM Co-operatives and the Federation of Workers' Co-operative Societies for Building and Public Works are sponsoring a joint project: The "Coop" pavilion, designed by the HLM production co-operatives with the help of their architects and based on a system of construction developed by the SCOP (Buildings). Its funding will be partly guaranteed by co-operative financial organisations and presented to the public with the support of the consumer co-operatives.

The "Coop" pavilion has been based on construction elements which permit:

- A guarantee of increased insulation and economies in energy consumption.
- A guarantee of availability within a maximum period of two months after the order is placed.
- Provision of a dwelling ready for use after the finishing touches have been made at the request of the occupant, who will thus be able to adapt it to his personal taste.

RIGHTS AND DUTIES OF MEMBERS

Allocation of dwellings is controlled by legal provisions. Prospective owners must not have an income above the level fixed for each district. They must not be owners of another house. The nationals of a number of European countries may be admitted, as well as French nationals, refugees and stateless persons. Members of liberal professions are accepted, provided their income does not exceed the prescribed level, and arrangements may be made to let a consulting room to a doctor of medicine, whose presence will be of benefit to other members of the co-operative. Independent craftsmen, registered as such, may be admitted, but not, as a rule, shopkeepers.

Under the terms of Article 14 of the Decree of 22nd November 1965, "no one need subscribe more than one share". It was the contract of the lease or co-operative tenancy combined with the corresponding legally established shares (minimum 20%) which determined the mutual obligations of co-operative and co-operator. In the case of transfer or cancellation of the contract of allocation lease, the co-operator could claim only repayment of a sum equal to his contribution, modified by a coefficient for revaluation (Article 18, Decree of 22nd November 1965).

Within the terms of the 1971 regulations, each member of the building co-operative is obliged to make a contribution of 50 francs. The shares underwritten by the members of the HLM production co-operatives represent 100 francs. Non-corporate persons and the private building societies which deal with them must underwrite one share. Especially in the HLM sector, the new arrangement imposes further responsibilities on members of building co-operatives, while ensuring absolutely safe financial guarantees. Building work is under the direct control of the future occupants, notably through the activity of the supervisory board.

Profits realised by housing co-operatives after an obligatory payment of 5% to reserve, may be ploughed back into fresh building projects, distributed as interest on shares at a rate of not more than 5%, allocated to social welfare and capital equipment, or, at the decision of the general meeting, placed in a solidarity fund and used to make loans to members in difficulties. On the dissolution of a housing co-operative, any remaining assets must be applied to objects similar to those of the co-operative.

All HLM co-operatives have devoted much attention to common services for domestic, educational and recreational purposes. All housing units have a shopping centre, playgrounds and meeting hall. Many provide a crèche where shopping mothers can leave their children. Care has been taken to open as many of these amenities as possible to other people living in the neighbourhood, so as to link older inhabitants with the members of housing co-operatives.

AID FROM THE NATIONAL GOVERNMENT

State and local government aid is mostly financial and has already been described. It includes an element of supervision which appears to have been of value; local authorities have

helped with the allocation of building sites. The 1971 legislation has been regarded by co-operative members as a restriction imposed by the public authorities on the activity of the co-operatives in the field of housing. They are now developing in a less tense and more strictly neutral atmosphere.

NATIONAL HOUSING ORGANISATIONS

These present a somewhat complex picture. The National Union of Federations of Low Cost Housing Agencies includes co-operatives as well as three other organisations which provide low cost housing but are not co-operative.

The National Federation of HLM Co-operatives, formed in 1908, is a member of the Union. It is made up of 21 regional unions, the objects of which are to give the co-operatives formed in their areas the opportunity of jointly examining their problems, so that small and new co-operatives may benefit from the experience gained by the larger co-operatives which are in a position to attend meetings of the National Federation. Technical advice is thus channelled through the Unions and helps to train co-operative managers and administrators.

The National Federation represents housing co-operatives in their dealings with public authorities and on national and international bodies, where it promotes and defends their interests. It has a national secretariat. It does not engage in building or supply materials.

The co-operatives other than HLM are affiliated either to the National Centre of Co-operative Builders or to the Confederation of Building and Housing Co-operatives. The three co-operative organisations have set up a Liaison Committee for Co-operative Housing, with the object of organising the interchange among its members of all information regarding their co-operative activity at the technical, legal and commercial

levels and to ensure the representation and promotion of the co-operative housing movement.

TECHNICAL SERVICES

The HLM National Centre for Technical Studies (CNET HLM) ensures the provision of technical help and advice to all the HLM organisations, and hence to the HLM co-operatives, for their building operations.

This help can assume the most diverse forms:

- Aid in negotiating business deals.
- Aid in designing products.
- Scrutiny of technical and economic plans.
- Provision of experimental programmes involving architecture, heat insulation and new sources of energy.

The HLM Co-operatives can also call for assistance upon the Centre for Planning, Lay-out and Environment (CREPAH), set up at the instance of the National Union of Federations of HLM Organisations for projects in lay-out and programming.

EDUCATIONAL SERVICES

The HLM co-operatives come within the scope of the "Uniformation Fund to Ensure Training" set up for the co-operative and mutual aid sector, responsible for collecting the funds earmarked for professional training and employees.

They are also members of the Association for Professional Training in Social Housing Organisations (AFPOLS), especially designed to train the staff of the HLM organisations.

HONG KONG

FORMATION AND SUMMARY OF DEVELOPMENT

Hong Kong, a densely populated territory, has a number of housing problems, of which the most serious, that of refugees, is handled directly by government. Of the two which have been dealt with by co-operative action, the most important, in terms of resources engaged and number of people benefiting, is the housing of civil servants. A smaller but interesting development is the rehousing of fishermen and small farmers.

The first civil servants' housing society was registered in 1954. As at 31 March 1977, they numbered 236 with 5,042 members, and \$167,033,161.82 on loan from government. Housing for fishermen and farmers was approached through co-operative Better Living Societies. Fishermen up till then had lived in their boats, accompanied by their families and livestock. This has made educational and medical services hard to provide and has also taken up space on vessels now needed for engines, fuel tanks and larger fishholds. The more enterprising fishermen have begun to move their families ashore, and are building houses co-operatively. Some farmers and market gardeners are following their example.

LEGISLATION

There is a co-operative societies ordinance (1951) which provides for the incorporation of co-operatives for a wide variety of purposes, including housing. It confers the ordinary rights of a corporate body, including borrowing powers and the ownership of property. It lays down co-operative methods of control and administration, and provides for supervision and audit.

TYPE OF HOUSING

This takes the form of blocks of flats, large in the case of civil servants, usually not accommodating more than twelve families in the case of fishermen or farmers. Crown land is made available by government, on a 75 year lease, at half the set price to a co-operative of not less than ten members desiring houses for themselves. Plans are submitted by an architect, and if approved, tenders are called for, which are considered by a representative of the government, the architect, and the committee of the co-operative. The type of housing must be such that no member pays more than 25% of his income in rent.

FINANCIAL STRUCTURE

In the case of a civil servants' co-operative, the government has made loans for the total cost of the buildings. The rate of interest ranges from 3 1/2 to 5% per annum and loans are repayable over twenty years. Loans are secured by a mortgage on the buildings, which must be insured against fire.

In fishermen's better living co-operatives, with housing as their major objective, members pay an entrance fee, take up at least one share of five dollars value, and accept liability of twenty to fifty times the value of the share subscribed. Members agree to make a monthly deposit at a maximum of \$4, of which \$3 are placed to his personal account, and may be withdrawn for purposes of house improvement or ceremonial expenditure. The remaining \$1 is placed in a revolving fund, to be used for the general "better living" purposes of the co-operative. Before house building can be undertaken, each member requiring a house must have accumulated \$500 in deposits. As the population of some fishermen's villages administered by these fishermen's better living co-operatives had increased gradually, two of them were successful in building additional houses for their members, of which building

costs were paid by members themselves from their special deposits; two other fishermen's better living co-operatives are also planning extension housing projects.

The farmers' better living co-operatives have the objects of improving living conditions and fostering community spirit among neighbouring members. The members exerted joint efforts to improve the sanitation conditions of the village, to maintain their own water supply schemes. Members have to pay an entrance fee, take up at least one share of capital ranging from \$10 to \$50 in value, and accept liability of ten to twenty times the value of the share subscribed. In addition, members are required to pay monthly subscriptions of amounts varying from \$1 to \$11, depending on the size of the societies, for maintenance and general improvement purposes. Members do not have to deposit any money for the building of the houses as the costs of building are donated by religious or other philanthropic organisations.

METHODS OF BUILDING

Building contracts are put out to tender, and the tenure is checked, as explained above.

RIGHTS AND DUTIES OF MEMBERS

As in all co-operatives, members elect a committee at the annual general meeting, and the committee accepts general responsibility for running the co-operative and seeing that all its obligations are met. The co-operative holds the lease for the building land, and members under-lease their dwellings, which they cannot mortgage or even sublet until the government loan is paid off.

The under-lease provides that the dwelling may be occupied by the tenant and his immediate family; that while the loan is outstanding, the dwelling may not be assigned or sublet with-

out permission; that if the tenant fails to pay his rent he may be dispossessed, and the co-operative may resume possession; and that when he has repaid his full share of the government loan, whether in twenty years or earlier, he becomes the corporate owner, rent free, of his dwelling for the remainder of the leasehold.

Rules provide for tenant responsibilities and forbid action (such as the use of radios at night) likely to disturb other tenants.

NATIONAL HOUSING ORGANISATIONS

No co-operative housing organisation at the national level has been formed at present. However, the Hong Kong Housing Authority, a statutory body established in 1973, is responsible for housing all categories of people eligible for public housing. Its functions are, amongst other things, to plan, build and manage public housing estates throughout Hong Kong. In these housing estates and other multi-storey buildings, the Mutual Aid Committee Scheme, a simple form of building-based organisation, was introduced by government in June 1973 with the object of promoting a spirit of neighbourly co-operation in management and providing opportunities for owners and tenants to get together to improve security and cleanliness. The scheme has also proved to be successful in fostering tenants' participation in social and recreational activities in multi-storey buildings and estates.

Besides assistance from government in providing housing for its people, private philanthropic organisations also play a part in making available houses for farmers and fishermen.

HUNGARY

FORMATION AND SUMMARY OF DEVELOPMENT

There are examples of housing co-operatives dating from the turn of the century, and a housing co-operative formed in 1907 is still operating today. The formation of housing co-operatives was stagnant between the two World Wars; between 1950 and 1955 more co-operatives were formed, from 1959 co-operatives were being formed continuously, and since 1971 they have been formed on a larger scale.

At the beginning of 1977, 944 flat maintenance and 322 flat building co-operatives were in operation. The number of units administered by flat maintenance co-operatives was 170,000; the flat building co-operatives organised the construction of 26,000 units.

In Hungary 17-19% of the flats built annually belong to co-operatives.

LEGISLATION

Since 1977 the functioning of housing co-operatives has been regulated by a law decree (law decree 12/1977). The co-operatives set up statutes observing the principles of co-operation adopted on the international level.

In the housing co-operatives the flats are personal property, but the parts of the house serving common purposes (staircase, cellar, attic and rooms for servicing) as well as the structural elements of the building are joint co-operative property. The buildings are at least split-level and form a contiguous settlement.

The co-operatives have various funds for carrying out their responsibilities for management, repairs and safety.

The co-operatives are independent legal entities.

TYPE OF HOUSING

Members joining the flat maintenance co-operatives can purchase flats from various building organisations: local councils, flat building co-operatives or other building organisations.

- (a) Some flats are built by non-profit making building organisations at the order of town and local councils. When selling these flats, the councils take social considerations into account. About 60% of the price of the land is met by the state. The selling price covers about 40% of the real cost of production. This sum may be reduced by allowances (for children and other dependents). The buyers of flats make initial payments of 12% of the selling price and take up bank loans at 1% interest over 35 years to pay the remaining 88%. The credit contract is made individually. After that the flat maintenance co-operative is established for the joint care and maintenance.

The average size of flats built by councils is 53.5 sq. metres. All units are equipped with modern conveniences, and a considerable part are heated from a central power station.

- (b) The membership of the second part of flat maintenance co-operatives is composed of persons who have their flats built by flat building co-operatives.

Up to the beginning of 1979 those co-operatives operating since 1971 had built 23,000 flats which now belong to flat maintenance co-operatives. Flat building co-opera-

tives receive state aid for about one-third of the building costs (through provision of public utilities as well as through social support). The workers in state factories can receive a further 20% state subsidy toward the building costs. Members of flat building co-operatives pay 15-25% of the state-subsidised building costs in cash before the starting of construction, and they can have credit for 35 years at 1-2% of interest for the remaining 75%. The companies also support their workers' building of flats with loans of 10-20%. In certain cases subsidies are granted.

Members of the flat building co-operatives may contribute to the construction with their own work. The companies employing them may also give support, building materials, machines, etc. for the construction.

The size of flats built by flat building co-operatives is between 60 and 90 square metres; the units are equipped with every modern convenience, too.

- (c) The third part of the membership of flat maintenance co-operatives are proprietors whose units were built and sold by various non-profit making housing organisations or by savings banks and factories. The conditions for loans for these flats are harder than for the ones built by flat building co-operatives, both with respect to termination and to the rate of interest.

According to the same principles applied in housing co-operatives there were 161 garage and 10 rest-house co-operatives in operation at the beginning of 1979.

The local authorities provide for establishing schools, parks and shops, as well as various services in collaboration with the consumer and industrial co-operatives in the settlements.

NATIONAL HOUSING ORGANISATIONS

The national representative organ of the Hungarian housing co-operative is the SZÖVOSZ (National Council of Consumer Co-operative Societies) in Budapest.

SZÖVOSZ has established a national enterprise for designing and investment which is at the disposal of the housing co-operatives.

The county federations give technical, financial and legal services to co-operatives, with the co-ordination of SZÖVOSZ. The activities of co-operatives are checked by the supervisory bureaus at least once in two years. Similarly, these federations provide for the organisation of education both for the social and the professional employees.

SZÖVOSZ publishes a yearbook dealing with the most important questions of housing co-operatives. SZÖVOSZ publishes a weekly information bulletin dealing with up-to-date questions which promotes the spreading of good and well-proven methods.

INDIA

FORMATION AND SUMMARY OF DEVELOPMENT

In this country the co-operative housing movement was initiated nearly 70 years ago. Mysore State was the first to take the lead in forming the first housing co-operative society in 1909 known as the Bangalore Building Co-operative Society Ltd. This society served as a model and inspiration for future co-operatives. Bombay also took the initiative in the matter by forming a non-official body in 1913 for the purpose of carrying on propaganda in favour of the co-operative housing movement. This association did much useful work and published documents on various aspects of the housing co-operatives. It also framed a set of model bye-laws for forming primary co-operative housing societies. The societies formed during the first quarter of the present century were mainly urban oriented and attracted people from the middle class. Though government assistance was available, the co-operative housing movement could not make much headway during the pre-independence period. After national independence there was a revival of interest in co-operative housing and it began to develop under the influence of five year plans. An apex housing finance society was set up in Bombay and another in Mysore in 1950. Several co-operative housing mortgage banks were also functioning in Madras. In other states housing loans were made available through central or State co-operative banks. The general progress of the housing co-operatives between 1959-60 and 1975-76 is indicated below:

Years	No. of Societies	Member-ship (Million)	Working Capital (Rs. in Million)	Houses constructed	Cost of houses (Rs. in Million)
1959-60	5,564	0.32	550	45,675	384.1
1963-64	9,896	0.62	1,140	43,053	487.1
1967-68	13,834	0.90	2,070	33,555	318.4
1971-72	20,234	1.30	5,870	51,788	677.2
1975-76	27,646	1.74	9,430	53,166	678.7

LEGISLATION

General co-operative laws, amended from time to time, have existed in India since 1904 and cover all forms of co-operatives including housing. They confer all the usual rights of co-operative bodies, including the power to own land and other property, lend and borrow, buy and sell, sue and be sued. They also provide for the democratic control and administration of the institution, for the formation of reserves and the use of surplus, for the amendment of rules and the winding up of the co-operatives. They allow for the formation of "secondary" co-operatives, of which the members are other co-operatives. Supervision and audit of all co-operatives is carried out by government departments attached to state governments.

TYPES OF HOUSING CO-OPERATIVES

Co-operative Housing Societies at the primary level can be broadly classified into the following four groups:

(a) Tenant Ownership Housing Societies

Under this category, the land is held either on leasehold or free-hold basis by societies, and houses are owned by members. In this type the tenant member holds

the plot from the society as a lease holder and the lease stipulates strict conditions against sub-letting, transfer or other forms of profiteering. This is a type of society in which separate houses are built to suit the tastes and requirements of the individual tenant-member. A member may construct his house on the plot allotted to him as per the plan and design approved by the society or may request the society to undertake construction on his behalf. When the construction of the house is undertaken by the society, the member is at liberty either to pay the full cost of the house on occupation, in which case he has only a nominal rent to pay as a lease holder, or he may pay for the value of the house by instalments as the co-partnership tenant does. At the end of a specified period, after having fully paid up the cost, he obtains the lease on a nominal rent.

(b) Tenant Co-partnership Housing Societies

These housing societies hold both land and building either on lease-hold or free-hold basis and allot them to their members. In this type of housing society each member obtains the occupancy under limitations. The essential feature of every such society is that its houses form one settlement in one compact area and that the regulation of the settlement rests in the hands of the managing committee of the society. The property in the whole estate remains absolutely with the society as a whole. The members contribute first through shares and then through rent on their tenements or houses so calculated as to cover not only their economic rent but also an amortisation or sinking fund payment which at the end of the period for which the society has borrowed repays the whole value of the building. Most of the societies formed in Bombay conform to this type.

(c) House Mortgage Societies

In this type the society lends money to its members for construction of houses. The members have to make their own arrangements for building their houses. This type of society is really a credit society distinguished from other credit societies by the objects for which it lends, the duration of the loan and the security it demands. It exists in order to provide individuals separately with their loan requirements for housing.

(d) House Construction or House Building Societies

In this type the society builds the houses and spends money on behalf of the members as a loan. The houses are handed over to them when ready and the money spent is recovered from the members.

FINANCIAL STRUCTURE OF PRIMARY CO-OPERATIVES

Housing co-operatives have various sources of finance which are generally provided for in the bye-laws:

(a) Shares

Every society has to raise part of the required capital by issuing share capital. The sources are rather limited, since the members of a co-operative housing society, depending upon the society for arrangement of required finance to meet the cost of construction of their own dwellings, can hardly assist the society in raising enough capital by way of shares. Provisions of the Co-operative Societies Act also prescribe a limit for individuals' shareholding in a co-operative housing society.

The capacity of a society to borrow is governed by the provisions of the Co-operative Societies Act and Rules and by the provisions of its own bye-laws. The provisions of the Maharashtra, Gujarat and Karnataka Co-operative Societies Rules prohibit a society from raising its funds by way of loans and deposits exceeding ten times its share capital, reserve fund and building fund, minus accumulated losses. All the co-operative housing societies have, therefore, to raise their funds by way of share capital at least to the extent of 10 per cent of their capital requirement.

(b) Contribution by Members towards Cost of Construction

Another way for a co-operative housing society to raise required capital is deposits from members. These deposits are generally known as contribution towards the cost of a member's flat or tenement or as down payments. The funds that a co-operative housing society generally can raise by this method amount to 25 to 30 per cent of its total capital requirement. The amount that a member has to deposit as a building fund contribution will depend upon the amount that can be borrowed by the societies for such a member. Where a member does not desire to avail himself of any loan facility, he will have to deposit an amount equal to the cost of his flat or tenement as his building fund contribution. Where the society can get a loan for its member, the amount to be deposited will be equal to the difference between the cost of the flat or tenement and the amount of loan to be obtained.

(c) Fixed Deposits

Co-operative housing societies are empowered under their bye-laws to accept fixed deposits from their members. However, very few housing co-operatives can make use of this

source for raising funds. In view of the Reserve Bank's restrictions, housing co-operatives are not authorised to raise their funds by accepting deposits from the members of the public who are not members of the co-operatives.

(d) Loans from the Apex Housing Finance Societies

The major source of funds to the primary societies is loans from the apex housing finance societies. At present there are 10 apex housing finance societies functioning in India which provide financial accomodation to housing co-operatives in their respective jurisdiction.

These apex societies provide long-term credit of 15-20 years at 9 1/2 per cent rate of interest. A differential interest rates pattern suggested by the Government of India for providing cheap credit to economically weaker sections and lower income group people is under the active consideration of the apex societies.

SOURCES OF FINANCE FOR APEX SOCIETIES

There are three sources of finance for apex housing finance societies:

(1) Share Capital

Shares are subscribed by the primary societies. According to the provision in the bye-laws of the apex housing finance societies, a minimum of one share is required to be purchased by a primary society at the time of its enrolment. At the time of borrowing funds it is required to invest in the share capital depending upon the quantum of loan requirements which varies from 4 per cent to 8 per cent.

The state governments also subscribe to the share capital of apex organisations so as to strengthen their financial base.

(2) Loans by State and Central Governments

The cost of the co-operative housing schemes in India is also met by financial aid from the central government under its various schemes meant for assisting house construction. Some state governments also have formulated special schemes to help particular sections of the population.

The main schemes by which co-operatives can benefit under the Government of India's housing policy are:

S.No.	Name of the Scheme	Year of Commencement of the Scheme
1.	Integrated subsidised housing scheme for industrial workers and economically weaker sections of the community	1952
2.	Low income group housing scheme	1954
3.	Subsidised housing scheme for plantation workers	1956
4.	Middle income group housing scheme	1959
5.	Rental housing scheme for state government employees	1959
6.	Slum clearance improvement scheme	1956
7.	Village housing projects scheme	1957
8.	Land acquisition and development scheme (Acres)	1959
9.	Provision of house-sites to landless workers in rural areas	1971

In some states the state governments have placed funds received by them from the central government under lower and middle income group housing schemes at the disposal of the apex housing finance societies for granting loans to the primary co-operative housing societies, while in certain other states these funds are utilised by the state housing board.

Some states have their own housing schemes, which are mainly meant to assist the backward classes to construct their houses or for the rehabilitation of persons affected by natural calamities like flood.

(3) Loans by the Life Insurance Corporation of India

Though there are other sources of funds available for apex societies such as the Housing & Urban Development Corporation and co-operative banks, it is the Life Insurance Corporation of India which is the main source of finance to the apex housing finance societies.

The Life Insurance Corporation has been providing finance to the apex housing finance societies on the basis of 12 times the paid up share capital, reserve fund and building fund of the apex societies. The loans advanced by the LIC are to be guaranteed by the state government concerned. All the loans advanced by the LIC to the apex housing finance societies are to be used for the purpose of construction of new houses only, and the rate of interest should be charged at the rate prescribed by the Corporation which is generally 2 per cent above the LIC rate charged to the apex society. All the loans advanced by the apex societies to the primary borrowing societies should be covered by the group life insurance scheme of the LIC. The LIC is also

financing the co-operative housing societies formed by the employees of the Corporation and co-operative housing societies formed by the employees of the public limited companies.

RIGHTS AND DUTIES OF MEMBERS

Members control the co-operatives by the usual method of general meetings and the election of committees. The co-operative is responsible as a corporate body for the repayment of loans. As the great majority of houses are in the course of passing into the full possession of the members, questions regarding the succession rights and general discipline of tenants do not in general arise.

AID FROM NATIONAL AND LOCAL GOVERNMENT

Apart from the financial aid already mentioned, in some states loans from co-operative house mortgage banks are available for repairs and extension of existing houses. Elsewhere, arrangements are made for joint procurement of building materials and for advice on plans, estimates and valuations. Other aids are:

- (a) priority allocations of state controlled building materials;
- (b) in the case of subsidised housing, the services of technical and managerial staff, provided free in the initial period;
- (c) secondment, against payment, of technical staff from the co-operative and engineering departments of government;
- (d) supply, on loan, of the services of a land acquisition officer from the Co-operative Department.

NATIONAL CO-OPERATIVE HOUSING FEDERATION LTD.

The Government of India in the Ministry of Works, Housing and Rehabilitation appointed a working group on "co-operative housing" in 1962. The group recommended among other things the formation of a national level organisation in the co-operative housing sector to promote, guide and co-ordinate the activities of housing co-operatives in the country. The recommendation was also endorsed by the Fifth Indian Co-operative Congress convened by the National Co-operative Union of India. The NCHF thus was registered in 1969 under the Multi State Co-operative Societies Act of 1942 as a national organisation of the entire co-operative housing movement in the country.

The main objects of the Federation are:

1. To provide a common forum for dealing with technical, financial and practical problems relating to co-operative housing and to devise ways and means of solving these problems.
2. To organise apex housing finance societies in those states where such organisations do not exist.
3. To organise conferences, conventions, seminars, working groups etc. on the subjects connected with co-operative housing and allied matters.
4. To carry on propaganda of the co-operative housing movement and to arrange for the publication of periodicals, news bulletins and journals.
5. To collect basic data on the working of housing co-operatives in the country and abroad and gradually build up an "information bank" for housing co-operatives.
6. To build up an expertise for rendering services to the institutions dealing with housing co-operatives.

During the short span of its experience, the NCHF has undertaken several activities in fulfilment of its expected role. Thirteen state level apex housing societies have been formed in the country after the registration of NCHF. Various conferences and seminars have been organised. A number of books have been published. Research studies have been made. Working groups on legal, technical and rural matters have been created in NCHF to provide services to housing co-operatives at apex and primary level.

IRELAND

FORMATION OF HOUSING CO-OPERATIVES

The demand for modest family housing at reasonable prices during the 1960s and 1970s resulted in the adoption by many people with limited incomes of self-help co-operative methods as the only means by which housing of a good standard could be obtained at a price within their financial capability.

Self help and joint effort by people in need of housing is not new in Ireland, as for many years there have been small housing schemes built by self-help groups, legally incorporated as public utility societies and utilising building sites made available by the local statutory housing authorities or purchased privately.

These small co-operatives have been formed by groups of people wishing to solve their own housing problems. When their houses were built, either by themselves using self-build and direct labour methods or local contractors, with few exceptions, the new householders simply ceased co-operative house-building operations. The experience gained by such groups in building houses on a co-operative basis was lost. Although the example may have been followed in other areas, there was no organisational structure or system for passing on information, experience and guidance to other new self-help co-operative groups.

NATIONAL ASSOCIATION

The interest of a number of the members of housing co-operatives formed during the late 1960s in the possibility of developing an ongoing co-operative housing movement, with a central organising promotional and representative body, led

to the formation of the National Association of Building Co-operatives (N.A.B.Co.) in 1970 which has since played a leading role in the encouragement and formation of co-operative housing groups.

Apart from acting as a representative body, N.A.B.Co. has established various services, including an Educational & Advisory Service, to assist local housing co-operatives and also provide a means for the experience of successful housing co-operatives to be passed on to new co-operative groups.

While the total output of co-operative housing at an annual average of several hundred housing units is relatively small in terms of national housing output, the activities of housing co-operatives at local level, particularly in the provincial towns, have been significant in terms of increasing the range and sources of housing available for people at the lower end of the housing market.

The role of the co-operative housing movement as a means of organising demand and as a sort of third arm alongside the statutory public housing programmes and private speculative house-building is receiving wider attention.

AID FROM NATIONAL AND LOCAL GOVERNMENTS

State recognition for the role of co-operative housing has been forthcoming through financial grant aid to the National Association of Building Co-operatives as the representative and promotional body for co-operative housing groups under section 3 of the Housing (Miscellaneous Provisions) Act 1979. In addition, local statutory housing authorities have been requested by the State Department of the Environment to adopt a positive attitude to housing co-operatives in the provision of building sites and financial assistance such as loans and grants.

TYPE OF HOUSING

The strong aspiration for home-ownership in Ireland has resulted in the formation of housing co-operatives to organise the building of family houses which the members intend to purchase. The momentum for growth of the output of co-operative housing has come from young engaged and married couples working together to provide homes for themselves of a good standard at reasonable prices. A portion of the families housed in this way were already on the local statutory authorities' housing waiting lists or, because of limited incomes, would eventually have to be housed by the local authorities but for the opportunities to solve their own housing problem through self-help co-operative activity.

Apart from the joint effort of individuals in need of housing, community associations have also encouraged the formation of housing co-operatives as a means of developing housing resources and improving opportunities for young couples to settle in their home areas.

Generally, therefore, housing co-operatives provide a means of encouraging more self-reliance and less social dependence as well as a practical method for building communities.

OUTLOOK

While other forms of tenure and the participation of different income groups in housing co-operatives are not ruled out, the principle factor inhibiting the growth of co-operative house-building towards its full economic and social potential has been the borrowing capability of members with limited incomes, particularly the financial threshold problems presented by loan repayments taking too high a proportion of earnings at the early stages of repayment periods.

Future strategy for the development of the co-operative housing movement in Ireland must envisage a solution to the problem of limited financial resources through the availability of more adequate and sensitive loan schemes including the possibility of developing other forms of tenure without compromising the social aspirations of members, the creation of better integrated partnerships with the statutory local housing authorities and the formation of more secondary organising and services co-operatives to facilitate the growth of a reliable co-operative housing movement in each part of the country.

ISRAEL

FORMATION AND SUMMARY OF DEVELOPMENT

Israel as a country of rapid immigration has suffered from an acute housing crisis for many years. Much housing has been provided either by co-operatives or by public housing companies, some of which form housing co-operatives to which projects are transferred on completion. The agricultural settlements, including both the communal Kibbutzim and the Moshavim with their individual holdings and co-operative services, have always provided housing for their members.

The course of development has been (1) localised efforts up to about 1925; (2) the establishment of large public housing companies, many of them with subsidiary local co-operatives; (3) government intervention after independence in 1948, in order to provide housing for new immigrants, although the public housing companies continued to build about half the annual volume of new housing. Most of these are non-profit making, state-aided, and linked with a political or ideological organisation. The most important is the Histadrut (Jewish Confederation of Labour). It has its own central economic organisation, a building company, a housing centre, and a company formed to acquire land, develop it, plan and finance projects and organise and represent occupants. By 1965, the Histadrut had completed 80,000 housing units, which accommodated 300,000 people, or one third of the Israeli population. Other housing companies have been formed by middle class, religious and ex-service groups.

LEGISLATION

A Co-operative Ordinance of 1933 covers all types of co-operative action including housing.

TYPE OF HOUSING

Most of the Histadrut projects are grouped in garden cities or neighbourhood schemes, and take the form of blocks of flats, often with communal amenities or services. No private shops are allowed, but consumer co-operatives, schools and cultural centres are provided. The average number of rooms is 2 1/2 - 3 1/2. Housing in the Moshavim consists usually of single-family houses and in the Kibbutzim of flats or single rooms with communal kitchens, dining rooms, and laundries.

FINANCIAL STRUCTURE

Prospective occupants usually provide from 20-40% of the required capital in cash; a government loan, on mortgage, can be obtained for a further 40-50%. For the remainder, the housing companies have recourse to the Housing Mortgage Bank, established in 1951 by the housing companies and the Workers' Bank. Interest rates are from 7-9%. The usual rate of interest on mortgage loans for members or trade unions is 8% and is linked to the cost of living index for a period of 8-15 years. Loans from this source cover from 25-50% of the value of the house, at 5% for 30-35 years.

METHODS OF BUILDING

This is carried out by building firms, of which the most important is the building subsidiary of the Histadrut, Solel Boneh.

RIGHTS AND DUTIES OF MEMBERS

Housing co-operatives are only formed when a project is completed and ready to transfer to the occupants, although the latter are registered before building begins. The co-opera-

tive is registered under the Co-operative Law, with a minimum membership of seven. It is provided, however, that "decisive influence" must remain with Hevrat Ovdim, the central economic organisation of the Histadrut, which holds all founder and ordinary shares and is a third party to all subletting and sales contracts. In practice, no houses have been rented since the rent freeze, established by law in 1940. Ownership will therefore eventually pass to each occupant when repayment of borrowed capital is completed.

The allocation of dwellings to members in the Histadrut group of co-operatives takes place when (a) the co-operative has been approved by the Central Co-operative Committee, and (b) a Management Committee has been nominated by the Hevrat Ovdim and the members of the co-operative have signed a power of attorney to this organisation authorising it to represent them.

For the first year of occupation, the building company is responsible for any repairs necessitated by bad workmanship or faulty materials, but after this period the management committee is responsible for the upkeep of the building as well as for the collection of loan repayments from members. Social and organisation control remains with the Housing Centre. No alteration may be made to a dwelling without permission, and maximum rents, in the case of sub-letting, and maximum prices, in the case of sale, are laid down.

NATIONAL HOUSING ORGANISATIONS

Apart from government loans, the Histadrut has drawn on the Jewish National Fund for the acquisition of land, and from the Jewish Workers' Fund to meet building costs. It authorises loans from outside sources. It supervises and inspects building operations. Its various organs exercise an effective control over all the housing co-operatives which it has sponsored.

The Audit Union of Housing Co-operatives has recently been dissolved and the Registrar of Co-operative Societies has taken personal control of all housing societies. In 1976 housing co-operatives numbered 222 with 14 supplying services only.

ITALY

FORMATION AND SUMMARY OF DEVELOPMENT

The first housing co-operatives were formed in the late nineteenth century by industrial workers in Lombardy, supported by friendly societies. The first law providing for them was passed in 1907-08. By 1915 there were 751 housing co-operatives, by 1938 there were 948 with 80,000 members and 38,000 housing units completed.

The destruction of the Second World War, the increase in population and the demand for modern standards caused an acute housing crisis. A number of public institutions such as the National Housing Institute for State Employees (INCIS), the Autonomous Institute for Popular Housing, the Increase of Employment - Houses for Workers Plan of 1948 (known as INA-CASA or the Fanfani Plan) were either set up or stimulated to increase activity. Funds were contributed by deductions from employees' wages and salaries and by appropriations by the state. In 1954 an act was passed providing for state financing for slum clearance and urban renewal.

Provision was made under the Fanfani Plan for co-operatives both of owners and tenants, and in the first five years some 13,500 dwellings were built by co-operatives. The Fanfani Plan came to an end in 1963 and was replaced by a new national authority, Workers Housing Administration (GESCAL). On 30th April 1967, contracts for the building of 10,909 dwellings had been taken up.

During the 1960's there was a private building boom based upon speculations on building sites and on the income from commercial sites, leading sometimes to chaotic conditions. Building

chaos and incompatibility between production and demand have dragged Italy into a long and severe building crisis in which it has been immersed for the last 10 years.

There was a need for state action, but public intervention, which has consisted of legislative measures and public appropriations, has been considered insufficient to satisfy the social needs of the country. Acts of 1965 and 1971 marked the beginning of general programmes for housing construction with public financial aid - full assistance for a very limited group of needy families and partial assistance for families within certain income limits. Then in 1978 a new act introduced the principle of fair rent in the determination of rent levels. In the same year provisions were made in the programme for partly assisted housing construction that a major share of the funds should be allocated to housing and building co-operatives.

LEGISLATION

Co-operative organisations in Italy have been legally recognised since 1845; they are subject to the norms of the Civil Code and to special co-operative laws. The present co-operative law goes back to 1947. It has received modifications and amendments and is at present discussed in a general reform move for co-operative legislation.

The activity of co-operatives is supervised by the Ministry of Labour and Social Security, but this applies mainly to some legal aspects such as verification of the constituent assembly, registration, publication of certain facts and also to a biannual audit and the possibility of a compulsory administrative dissolution of the co-operative.

In addition, housing co-operatives are affected by specific housing legislation and, when they carry out programmes with public subsidy, subject to a supervision of correct implementation and administration which is exercised by the Ministry of Public Works.

Tax legislation allows, moreover, generous terms in favour of co-operative societies and their federations as long as the co-operative statute adheres to principles of mutuality.

TYPE OF HOUSING

There are two types of housing co-operatives, one providing housing under individual and the other under common ownership, in other words divided or undivided property. The former is more widespread; but in some places, such as Milan, the proportion of undivided property is higher.

A co-operative with divided property is formed by the members for the specific purpose of getting individual ownership of a house, for which they provide their own finances, often exceeding 25% of the investment. The other part is obtained by a mortgage loan for an average duration of 15 to 20 years. After houses have been allotted, the loan is divided among the members and the deeds of the houses are transferred to the members.

In this type the co-operative has a transitory and temporary role, since once the programme has been finished, the houses have been allotted and the aims for which the co-operative was set up are achieved, it ends up by dissolving itself. Hence the impossibility in Italy of speaking of a co-operative housing stock, since even though many houses have been built by using the co-operative method, they have, in fact, become private property.

Recently there has been a trend towards larger societies with 100-200 members and large-scale building programmes at the housing estate level, providing social and collective equipment and services. Their character and function is thus changing; and although they still assign flats to individual ownership, they are taking on increasingly the tasks and aims which have so far been a feature of the undivided property co-operatives.

A co-operative with undivided property carries out a building programme where the houses or apartments remain in the ownership of the co-operative and are given for use to the member at a monthly rent. This type of co-operative is ongoing in its activity and forms a co-operative housing stock as a factor in the housing market. It satisfies the members' need for housing at a reasonable cost to them and lays more emphasis on the social purpose and mutuality principle of the co-operative. Even though this type has the longest tradition in the country, it is not very widespread. The National League of Co-operatives and Mutual Aid Societies to which many housing co-operatives of this type are affiliated feels that this is due mainly to a lack of adequate recognition and political support, in addition to certain inherent difficulties deriving from the social objectives of the co-operatives.

There is at present an ever-widening gap between the costs of construction, that is, the capital invested by the co-operative in order to construct the buildings, and the revenue derived from the rents. This results in a deficit between the paying off of the mortgage and the revenue from the tenant members. A balancing of these two amounts would take the monthly rent beyond the members' means and would disregard the social value which derives from the use of the house and the relationship between the co-operative and the member.

To bridge this difference and overcome this financial problem in the co-operatives with undivided property, there developed the widespread practice of collecting members' savings as deposits so that the co-operative acts as guardian of the member as a saver and at the same time acquires financial resources for investments to redress the balance of the mortgage payments.

Public subsidy programmes for housing offer very little incentive to co-operatives with undivided property; in fact they provide obligations and conditions little different from those for co-operatives with divided property.

RIGHTS AND DUTIES OF MEMBERS

The associate life in the two types of housing co-operatives is regulated by the statute which defines the aims and goals, the organs and their functions, and the rights and duties of members. On top of this the co-operatives adopt rules which among other things define the procedures and modalities for allotting houses to members.

AID FROM NATIONAL AND LOCAL GOVERNMENTS

The present Ten-Year Plan for Housing Construction with Public Assistance provides for the granting of loans to co-operatives with divided property, guaranteed by the state, for a duration of 25 years, with a maximum per house and subject to certain building standards in design and technology. The reduced rates of interest of 4.5, 6 and 9 per cent apply to three income groups, the group with higher income paying the higher rate, and are increased after four years of repayment year by year until they reach the market rate of interest. The member cannot sell the house within the first ten years, and then its sale is regulated by certain norms.

In the case of the co-operatives with undivided property, a 25-year loan for the same maximum per house is offered, but the member for whom housing is provided must stay within the lowest of the three income groups; he benefits from a reduced interest rate of 3% for the first 6 years; after that the rate is increased in the same way as in the other type of co-operative.

NATIONAL HOUSING ORGANISATIONS

The affiliation of the co-operatives with the national organisations is free and voluntary. Italian co-operative legislation provides for the legal recognition of national organisations which fulfill certain requirements. Legal recognition

includes delegation, by the Ministry of Labour, to the national organisations of supervision over the affiliated co-operatives.

There are three recognised national organisations:

- The National League of Co-operatives and Mutual Aid Societies (L.N.C. and M.), the first unitary co-operative organisation which started in Italy in 1896 and to which co-operatives of various sectors belong;
- The Italian Co-operative Confederations (C.C.I.) set up in 1919 through the participation of Catholic orientated co-operatives;
- The Italian General Association of Co-operatives (A.G.C.I.) set up in 1952 by co-operatives which had left the National League due to political differences.

Within these national organisations co-operatives are grouped into specialised national associations according to their activity and characteristics.

These are the national associations of housing co-operatives which are part of the three national organisations:

- The National Association of Housing Co-operatives affiliated to the L.N.C. and M. to which 4,117 co-operatives are affiliated with 391,713 members (31st December, 1978);
- The National Federation of Housing Co-operatives affiliated to the C.C.I. to which 3,070 co-operatives are affiliated (31st December, 1976)
- The National Association of Building Co-operatives affiliated to the A.G.C.I. to which 1,525 co-operatives are affiliated (31st December, 1976)

The total number of housing co-operatives entered in the national register of the Ministry of Labour is 38,684 co-operatives (31st December, 1976) of which about a quarter are affiliated to the three national organisations.

It must be added, however, that a large number of the co-operatives registered are inactive and have ceased their activities, without having notified the ministry. The same ministerial department is unable to check the operations of co-operatives not affiliated to the national organisations.

The national associations of the various sectors have a similar organisational structure. They are responsible for the representation, protection, and political and trade union orientation of the associate groups. The affiliated co-operatives accept their model bye-laws and follow their lead. The organisation is maintained by yearly contributions according to the number of members and of houses built during that year.

The three national associations of housing co-operatives are subject to a severe limitation, which is the lack of their own financial assets. They at times use the finances of the national organisations, which are limited to short-term credit and not able to offer long-term credit which is what is mostly needed by the housing co-operatives. Loans have to be obtained therefore from building societies and banks at market rates.

In addition to the national organisations and associations, there are interprovincial and interregional structures to which co-operatives are affiliated. Specific economic and technical functions are transferred by the co-operatives to these organisations. They perform services such as arranging for finances, technical plans, contracts, work organisation, technical assistance, fiscal matters and contributions, etc.

The costs of maintaining these structures are borne by the co-operatives and divided among them according to services offered. The regional organisations are also affiliated to the national associations of housing co-operatives which function as general co-ordinators of the activities in order to achieve more effective programmes in housing construction at a reasonable cost.

JAPAN

Housing co-operatives have been established in Japan since 1958, and in 1968 the nation-wide network was completed with 48 co-operatives covering all prefectures. In the period 1958-1967 housing co-operatives constructed 16,000 units of houses throughout the country; however, these figures were not sufficient to meet workers' vast demands.

In 1967 the Japanese Workers' Housing Association (JWHA) was established under special legislation and provided with capital by labour banks, consumer co-operatives and other labour organisations. JWHA itself is not a co-operative organisation but plays the important role as the centre for promoting construction of workers' houses. On the other hand, in 1969 the National Federation of Housing Co-operatives (NFHC) was set up by housing co-operatives aiming at promotion of the housing co-operative movement by means of guidance, liaison and co-ordination. Hence, JWHA assists housing co-operatives in financial and business aspects, whereas NFHC undertakes responsibility for managerial and organisational guidance.

JWHA builds houses for sale using low-interest loans from the Housing Financing Corporation (HFC) which was set up as the governmental institution for the purpose of promoting housing construction for the general public. Additional loans are obtained from labour banks. Loans are first given to JWHA for building the houses; then after sale of the houses to individuals, the loans are shifted to them for repayment. In 1978 there were 58,655 dwellings built by JWHA in this manner. Of these, about 7,000 p.a. are built by JWHA together with housing co-operatives, in large cities in the form of tall apartment buildings and in small towns and villages as individual houses. In the ten years since its formation, JWHA has achieved construction of approximately 60,000 units in collaboration with housing co-operatives.

Under another, as yet much smaller programme (165 houses in 1978), JWHA builds and sells houses to workers who are eligible under a property-formation system which was introduced in 1974, following the German example. For this, enterprises accumulate deposits with the Foundation for Acceleration of Employment (FAE). Housing loans are given to JWHA, which relends them, in conjunction with the sale of a house or apartment, to the worker. A majority of these building projects are entrusted to housing co-operatives. The actual construction is done by building companies.

At the same time, housing co-operatives build housing for their individual members by making full use of low-interest loans from the Welfare Pension Fund as well as labour banks.

Although housing co-operatives face increasing difficulty in obtaining suitable land for houses, JWHA, NFHC and housing co-operatives have the common policy to supply workers with quality houses in conformity with future changes of their demand structure and strive to develop the housing co-operative movement in Japan.

KENYA

LEGISLATION

Housing co-operatives are covered by the Kenya Co-operative Ordinance of 1931, amended in 1966, which provides for registration, incorporation, with all the usual powers of corporate bodies, internal management and the use of profit in accordance with co-operative principles, supervision and audit.

TYPE OF HOUSING

As stated below, blocks of flats and detached and semi-detached houses are built. The standard is urban middle class. Co-operative housing in rural areas is also middle class. African housing co-operatives have been initiated and can obtain funds from the National Housing Corporation, the Housing Finance Company of Kenya and the Bank of Kenya, and supervision and direction from the Co-operative Department and Ministry of Housing and Social Services.

FORMATION AND SUMMARY OF DEVELOPMENT

There has been a substantial development of co-operative housing among the Asian communities of Kenya, especially, though not exclusively, in the Ismaili community, which owes loyalty to the Aga Khan. When the late Aga Khan celebrated his Diamond Jubilee in 1946, he placed the gifts made to him by the community in the Diamond Jubilee Investment Trust and Insurance Company, two organisations controlling between them approximately £ 5 1/2 million. It was one of the stated objects of the Trust that every Ismaili should have a house of his own. In pursuance of this object, housing co-operatives have been formed throughout East Africa, though they appear to be most numerous in Kenya, where 42 blocks of flats have been

built in Nairobi alone. Housing co-operatives have also been formed in Mombasa and Nakru. Detached and semi-detached houses grouped in estates have also been built.

FINANCIAL STRUCTURE

Building costs (including the cost of sites) are covered by members' shares, together with loans from the Diamond Jubilee Investment Trust. No government loans have been received or sought except by the Kariobangi Society, formed by a low income group of Africans.

NATIONAL HOUSING ORGANISATIONS

Apart from the general supervision exercised by the lending institutions and the Department of Co-operatives, no national housing organisation exists.

MALAYSIA

The co-operative movement was introduced into Malaysia in 1922 with the passing of the Co-operative Societies' Ordinance, but the first housing co-operative was not established until 1949. There was at that time an acute shortage of housing as there had been a great increase in population, building had been suspended during the war, and the Emergency caused rural people to be moved into the towns for security reasons. There was a steep rise in rents as well as in illicit charges; the cost of loans rose and the repayment period shortened, and thus there was a move among salary earners to form housing co-operatives. Many were already members of thrift and loan co-operatives. They bought land, developed it and built houses more cheaply than private developers. The number of housing co-operatives in 1975 was 80 with 20,000 members, \$10,000,000 share capital and total resources of \$86,073,345.

In addition, a number of multi-purpose and thrift and loan co-operatives were encouraged to take up housing. In 1975 their position was as follows:

	<u>Multi-purpose</u>	<u>Thrift & Loan</u>
No. of co-operatives	485	170
Membership	195,847	261,726
Share capital	\$19,749,000	\$243,058,000

Co-operative house building takes the following forms:

- (1) Co-operatives carry out their own housing schemes and sell houses to members.
- (2) Co-operatives purchase large numbers of houses from private and other builders and sell to members.
- (3) Co-operatives make loans to members who buy their own houses or build on their own land.

The advantages of co-operative housing are:

- (a) The profit margin is minimal and houses can be sold much more cheaply to members.
- (b) The co-operative works out appropriate costing and planning and represents the collective interest of members.
- (c) Disputes with third parties can be settled by arbitration.
- (d) Co-operative membership induces good community relations.

During the years 1971 to 1975 the total number of houses built by co-operatives was 3,590 at a value of \$79,520,000. The target number of houses to be built by co-operatives under the Third Malaysian Plan is 12,000 units. One multi-purpose co-operative alone, formed by unions of employees in the public and civil service, has at present two housing projects under construction with 873 units.

LEGISLATION

Housing co-operatives are registered under the General Co-operative Ordinance of 1922, which provides for incorporation and confers the powers usual to corporate bodies, including the right to own land and other property, to buy and sell, borrow and lend. The Ordinance also determines the rights and obligations of members; establishes democratic control; lays down the use of profits; and provides for the supervision and audit of the co-operative by the Department of Co-operatives.

Within these confines a housing co-operative may draw up any bye-laws which they consider useful.

OUTLOOK

The main problems and difficulties of housing co-operatives are:

- (1) They do not have full recognition and backing from the government.
- (2) They have difficulty in competing with private developers.
- (3) There is an acute shortage of building land at a reasonable price.
- (4) Adequate finance is difficult to obtain, both for bridging and end purposes on reasonable terms.
- (5) Government planning and other regulations cause delays.
- (6) Co-operatives are often left to bear the high costs of infrastructure and technical advice.
- (7) Supplies of building materials are limited and costly to buy.
- (8) Better qualified management is needed to ensure a good quality of services.

To overcome the shortage of capital on terms suitable for financing their projects, housing co-operatives could borrow from the Co-operative Central Bank and the Malaysian Co-operative Insurance Society.

A Federation of Co-operative Housing Societies was formed in 1957, but has not proved very effective. The formation of a new federation is advocated, and it should be recognised by government in the same way as similar bodies, and receive the same backing. In addition to advisory and financial activities, it is suggested that the new federation might purchase wholesale and possibly manufacture building materials.

The Co-operative Union of Malaysia in collaboration with the Co-operative College is undertaking education and training programmes for employees of housing co-operatives. This should help them overcome the shortage of trained personnel for management and also enhance membership education.

MEXICO

Although co-operation in various forms has had a considerable development in Mexico, there is no legal provision for the formation of credit societies, and this seems to have hindered the formation of housing co-operatives. Some housing schemes, especially for public employees, have been built on community lines, but not by co-operatives. Community development organisations are also giving support and technical assistance to mutual aid housing construction.

THE NETHERLANDS

FORMATION AND SUMMARY OF DEVELOPMENT

A limited number of housing associations, mainly philanthropic, but some formed by workers to provide themselves with homes, have existed since the mid-nineteenth century. Progress was slow until the Housing Act of 1901 provided a legal framework and government finance. Thereafter, publicly supported housing, built either by housing associations or local authorities, progressed rapidly, and in the years immediately following both World Wars, public housing constituted 80% of total annual building. During the inter-war period, housing associations were responsible for one sixth of all new housing, but after the Second World War local authority housing increased, and together with building activities of housing associations, accounted for more than half of all new building. In recent years there were about 1,030 housing associations.

LEGISLATION

The Act of 1901 lays down that housing associations may have no aims other than the provision of housing; members may not make financial gains and interest on shares must be limited to 4%; there must be no disposal or mortgage of property without the approval of the local authority; in the event of liquidation, all property must be offered to the local authority before it can be disposed of in any other way. Associations may not retain more than 30% of any profits realised. The remainder must be used to accelerate the repayment of loans or for the improvement of housing in general.

Co-operative housing associations are in general incorporated under the Co-operative Associations Law of 1925.

TYPE OF HOUSING

On formation, a housing association chooses an architect, and when his plans have been approved by the local authority, the contract for construction is put out to tender by private building firms. There is no co-operative building nor joint purchase of materials. There has been a steady advance through the years in the quality and equipment of housing provided, especially in the matter of hot water supplies, baths and showers. Provision of communal amenities has been made more difficult by the strict terms of the law of 1901, which envisages the building of dwellings only. Among the specialised undertakings of recent years have been houses for elderly couples, included in general housing estates; subsidised accommodation for large families; and blocks of flats for single people.

FINANCIAL STRUCTURE

All types of housing association are equally eligible for government aid. This is transmitted through the local authorities, which carry the risk and are entitled to take over any buildings on which the loan has not been repaid. Local authorities have the power to acquire land at fixed valuation and transfer it to the housing association, the cost being paid off in annual instalments over 75 years. Local authority loans are available up to 100% of the cost of building non-profit housing. The loan is for 50 years at an interest of 4 1/2% per annum, but since 1st January 1968 at the market rate of interest. As rents are controlled and are considerably below what would be the market level, subsidies are available to bridge the gap between the capitalised value of the controlled rent and the actual building costs. This may amount to half the total annual charge on the building, especially in slum clearance schemes. An attempt is being made to reduce this disparity, and with it the need for subsidies, by raising gradually the level of all controlled rent.

Some tenants' co-operatives, anxious to escape the somewhat strict regulations of the local authorities, try to reduce the level of borrowing from public funds by stimulating their members to invest their savings in the association.

RIGHTS AND DUTIES OF MEMBERS

Housing associations fall into three classes, according to the source of authority:

- (a) tenants' associations, which should perhaps be regarded as the only genuine co-operatives
- (b) associations managed by institutions, businesses, factories (for their employees), and, in a few rare cases, by churches or trade unions
- (c) foundations with limited interest on share capital, the members of which have usually subscribed from philanthropic motives.

In type (a) management is elected by members in the usual way. In type (b) it is appointed by the trade union or church, and in type (c) by the shareholders, who have no direct connection with the tenants. In each block of flats or group of houses in (b) and (c) type associations, there is an elected tenants' committee which assists the board of management and arbitrates in disputes between tenants. Small projects may be administered by honorary officials, but an inspector, appointed by the association, lives in each large housing group, collects rents weekly and is responsible for minor repairs. In slum clearance schemes the new housing is more closely supervised and a social inspectress is appointed in addition to rent collectors.

Dwellings are allocated by municipal authorities on grounds which vary according to local housing needs. Rents are related to the dwelling and are fixed by government in areas

where lack of housing still exists, and have no relation to the income of the member. The average number of rooms is four. Monthly payments cover interest and repayment of loan, administrative costs, repairs and heating. In general, the housing association is responsible for external and the tenant for internal repairs. Members leaving the co-operative are repaid their original share but cannot assign their dwelling to a member of their family nor leave it by will.

NATIONAL HOUSING ORGANISATIONS

The National Housing Council is a voluntary federation of housing associations and local authorities for advisory purposes. No responsibility is taken for construction or for bulk buying of materials. Assistance is given, when desired, with architectural plans and with accountancy. These items require specialists, whose work has to be remunerated. There is also a Roman Catholic Housing Federation with similar objectives.

NORWAY

FORMATION AND SUMMARY OF DEVELOPMENT

Apart from some associations which wound up on the conclusion of their projects, the first housing co-operative was organised in 1929. This was the Oslo Housing and Savings Society, known by its Norwegian Initials as OBOS. Members paid a small registration fee and opened a savings account, which could later be used to make the first payment on a flat. During the 1930's, OBOS received a good deal of support from Oslo municipality in interest and tax reliefs. The municipality had previously undertaken housing schemes of its own, but found the cost high and management difficult. Thenceforth it left housing mainly in the hands of OBOS, to which it transferred some of its existing housing schemes. Similar co-operatives were formed in other Norwegian cities, but the Second World War brought all building to a standstill.

The end of the war found Norway with a grave housing crisis, due to the suspension of building, war devastation (principally in the North), rising population, an accelerated movement from country to town, and a demand for higher housing standards. At the same time there was a shortage of building materials and equipment and competition from other types of construction. Control was imposed at first through rationing of materials, and later through the allocation of building loans by the Norwegian State Housing Bank.

In 1946 OBOS and 27 other housing co-operatives formed a national federation, known by its initials as NBBL. This coincided with the establishment of a government Housing Directorate, which appointed architects throughout Norway with powers to approve plans for all new housing before granting approval for a

loan. This was coupled with facilities for loans for approved projects, and led to a period of rapid growth and expansion of housing co-operatives.

The functions of the Housing Directorate have later been transferred to a Housing Department in the Ministry of Local Government and Labour.

Co-operative housing accounts for about 25% of all new housing since the end of the Second World War, but for a much higher proportion of urban housing, in Oslo about 50%. A considerable waiting list still exists in the membership of NBBL, including young people waiting to get married and tenants who want a home of their own.

LEGISLATION

No general co-operative law exists in Norway, and housing co-operatives are registered as companies.

Legislation covering housing in general includes the establishment of the Housing Directorate of 1946 and the Expropriation Act of the same year, giving the local authorities power to acquire a building site, clear it and lay on public services. The Norwegian Smallholders and Housing Bank, dating from 1915, was reorganised in 1947 and a new institution, the Norwegian State Housing Bank, was set up in 1946 to encourage urban building. Up to 1950 the Housing Bank was mainly financed by the sale of state-guaranteed bonds, but since then the Bank has mainly been financed by repayments and loans from the Treasury. This Bank now handles 95% of the state funds available for housing, and the two banks have between them financed 70% of post-war building. The Housing Societies Act and the Housing Groups Act were both passed in 1960 and contain rules for the running of housing societies.

TYPE OF HOUSING

OBOS has been principally concerned with building blocks of flats, and this pattern has been followed by other housing co-operatives to a certain extent. Of the total production a little less than two-thirds are in blocks of flats and a little more than one-third in row houses, terraced houses, single houses etc. The relative number of dwellings in row houses, terraced houses etc. has increased in later years at the expense of dwellings in blocks of flats. Housing for special groups - problem families, the aged, students - is generally still in government or municipal hands, but there has been a trend in recent years to include flats for the able-bodied aged in general housing projects. This is being taken up by the housing co-operatives, as is the housing of students and other single people.

A self-build co-operative housing movement initiated in 1948 began with the construction of one-family wooden houses, but has largely transferred its activities to flats. The standard aimed at is that of the town house or flat, with three rooms and a kitchen, but the number with four or more rooms is increasing.

FINANCIAL STRUCTURE

Members of housing co-operatives take up a share of Kr.25-300. As soon as building plans are approved by the district architect, the co-operative can apply for a loan, in practically all cases to the Housing Bank. The Bank does not, however, finance construction, but undertakes to convert short-term loans, which may be obtained from savings banks or commercial banks. With this assurance and with a cash investment of from 30-35% of cost from members, the co-operative has no difficulty in getting credits.

When a project is ready for realisation, the "parent" housing co-operative forms a subsidiary or "daughter" co-operative for those who will be allocated dwellings in it. This subsidiary co-operative, in which the members take up shares, assumes responsibility for the loan, which is now transferred to the Housing Bank. Loans from the Housing Bank are calculated on the full mortgage value of the property, that is on the rent value and administrative costs.

From 1st January 1973, a new system has been established for the financing of housing through the Norwegian State Housing Bank. The borrowers may now choose between two alternative loan systems - namely the nominal loan system and the levelling loan system. The interest rate for 1979 was 6.5% in both systems.

The nominal loan system is based on ordinary nominal loan conditions, where accumulated interest and part repayments are paid from the first year. Part repayments are paid at a rate of 1% per year in the first 10 years, and in the following 5 years at a rate of 2% per year.

The levelling loan system was originally based on two main principles:

- (1) The current housing expenses for a new dwelling financed by the Housing Bank must not exceed 20% of the average yearly income of an adult male industrial worker.
- (2) The payment of interest and part repayments is adjusted according to the general development of incomes.

For national financial reasons, the principle of (1) above has been suspended. The current expenses to-day represent approximately 25%.

The levelling loan system means a considerable reduction of the payments to the Housing Bank during the first years. For the time being, most new co-operative dwellings are financed by levelling loans.

Loans from the Housing Bank are allocated to people in all income groups and meet approximately 70% of the total financing demand in the housing sector. Since 1972 the Housing Bank has practiced a system with loans towards down payments. The Housing Bank gives these loans to the municipalities, which in their turn allocate the loans to people with a special need for cheap loans.

In addition to the above-mentioned loans, the Housing Bank gives loans for improvement of dwellings owned by elderly or disabled people and by families with a low income, e.g. families with many children. The Bank also gives loans for projects planned for the improvement of the environment.

In this connection it may be added that the Housing Bank administers a system of direct subsidy of housing costs. This subsidy is given as a current rent subsidy. The background for this system is a general housing and social policy with the aim of subsidising groups with low incomes and with special needs for good and spacious dwellings.

Originally house-building was exempted from indirect taxes. For administrative reasons an arrangement with compensation replaced the exemption principle. This compensation was originally 100%, but is reduced to approximately 50% of the indirect taxes.

METHODS OF BUILDING

Housing co-operatives acquire land, usually from the local authorities, plan the details of the building, arrange the contract with the builders, who may in fact be a number of small specialised firms, and supervise construction. They very rarely undertake actual building. They may employ a private architect, or take advantage of the designing department of the Na-

tional Federation, which has a large staff of architects and engineers and has established a reputation for economical planning. It has, in fact, been commissioned by the government to plan and design many government housing schemes for the personnel of railways, the armed forces and others. (Most of these are later formed into owners' co-operatives.)

RIGHTS AND DUTIES OF MEMBERS

These are closely linked with the two-tier form of organisation developed by Norwegian housing co-operatives. The first co-operatives to be set up, of which OBOS was the prototype, are permanent non-profit making societies situated in towns or industrial areas where there is likely to be a continuous need for new housing. A large organisation like OBOS is governed by a meeting of delegates, each representing 100 members, which elects 41 members of a Council. In addition, the employees elect 6 members of the council, and the Municipality of Oslo nominates 3 members. Accordingly the Council consists of 50 members. OBOS is ruled from day to day by a Board of 9, of whom 5 are elected by the Council, 2 are elected by the employees and 2 are nominated by the Municipality. Smaller co-operatives may be governed by a general meeting of all members. Membership is open, and those who cannot be offered immediate accommodation are placed on a waiting list.

Allocation of flats is usually made in strict relation to the date of joining, but where there are families with special needs known to the local authority, the housing co-operative may reserve a certain number of dwellings in each project. In some cases the local authorities provide loans and guarantees to cover payments on their behalf. The average down payment made by members before building begins is about 30-35% of the total building cost. Usually the members finance the down-payments partly by their own savings and partly by private loans. Such

loans are usually easy to obtain, and are given for a period of approximately 10 years, at an interest of 10 - 10 1/2 %.

As soon as the project is ready for realisation and occupants have been selected, they are formed into a subsidiary owners' co-operative. They make their own regulations regarding the use of the buildings and the responsibilities of occupants. The business management of the undertaking, however, they delegate to the housing co-operative, for a fixed annual fee related to the total volume of the management work.

The monthly rent paid by each owner-occupier covers the management fee, interest and amortisation of the loan, and exterior maintenance. Interior maintenance is the responsibility of the occupier.

The member of a housing co-operative is assured of his home as long as he wishes to keep it. Should he wish to sell it, he receives back his down-payment minus the cost of any internal repairs deemed necessary, plus compensation for improvements, for the repayment of the housing bank loan on the part of the housing co-operative, and for the decline in the value of money. His rent payments are not returnable. When a dwelling is up for sale, the other members of the "daughter" co-operative and also the members of the "parent" housing co-operative have the right of pre-emption. However, tenants may sell to close relatives or may arrange an exchange.

Housing co-operatives are fairly strictly controlled by the Housing Bank. The purchase of shares entitles the member to a dwelling. No shares may be purchased with a view to profit. Collective members such as local authorities may be admitted. Shares may not be sold apart from the dwelling, nor at more than par. Each member has one vote only. Rules must be according to the Housing Groups Act and must be approved by the Housing Bank.

NATIONAL HOUSING ORGANISATIONS

The National Federation of Norwegian Co-operative Housing Societies (NBBL) is controlled by its member co-operatives through a Congress of Representatives, which meets every three years and elects a body of 25 representatives. In addition, the employees of NBBL elect 6 representatives. This body of 31 representatives in all meets annually and forms the governing body between Congresses. The Congress also elects 7 members of a Board of Directors. The employees may elect 2 members of the Board. The Board carries on the daily work of the Federation. Member co-operatives hold shares and pay annual fees.

From the beginning the Federation has been concerned with co-ordination and advisory services, with the systemisation of methods, the exchange of ideas and experience and the presentation to the government of the merits and opportunities of co-operative housing. It has the right to inspect and audit member co-operatives and to require standard methods of accountancy.

The Federation has increased its staff of architects and engineers with a view to further rationalisation of construction and the maintenance of building standards in a period of rising costs.

The Federation offers educational programmes for the staffs and elected representatives of the member organisations. It also produces various informative material to assist the housing co-operatives in their daily work. It publishes a periodical, "BO", appearing with approximately 5 issues per year.

PAKISTAN

FORMATION AND SUMMARY OF DEVELOPMENT

A number of co-operative housing societies were formed in what is now Pakistan between 1930 and 1947. In Karachi, 35 housing societies built 2,500 houses on land leased from the municipality. These ultimately became the property of the occupiers.

After independence, and the migration of more than one million people from India, there was an acute housing shortage. The population of Karachi rose rapidly from 300,000 to over 2,000,000. The government undertook housing for civil servants and for some of the refugees and low income groups. In 1951 it set up an Improvement Trust, later merged with the Karachi Development Authority which, among other things, allocated building sites. In this allocation, housing co-operatives received preference over speculative builders. The number of housing co-operatives increased. In order to reduce costs and encourage planned development, the government decided not to allot land to individual societies, but to a union which they were encouraged to form.

By 1961-62, there were in all 320 housing co-operatives in Pakistan with 87,483 members and a total working capital of Rs.60,700,000. More than half the total number of societies, half the members and more than 80% of the capital are, in fact, in Karachi. In Lahore a co-operative township is being built and there are projects elsewhere. Co-operative housing was on a smaller scale in East Pakistan (now Bangladesh).

LEGISLATION

This is basically the same as in India, so far as the formation of housing co-operatives is concerned; government measures on housing are summarised in the preceding paragraph.

TYPE OF HOUSING

This has been generally in the form of planned estates on a fairly large scale. In 1955, three societies in Karachi, with 12,000 members (later joined by 3 others) decided to develop a "Co-operative Township", and set up a co-ordinating council to deal with common problems. The total area covered is 4,000 acres, with a population of 350,000. Drainage, water supply, electricity, refuse collection, street cleaning and epidemic control have all been provided by the co-operatives and financed by various charges and fees paid by members, without outside help or power to collect rates or taxes. This has proved increasingly difficult and representations were made to government for the conversion of the Township into a "Town Area", with municipal powers.

The co-operatives in these groups were formed to facilitate the acquisition of houses by individual members. In 1957 it was decided to establish tenants' co-operatives with the object of building houses and flats for sale to members. There are now 22 such co-operatives, and some 800 flats and 500 small family bungalows have been built.

FINANCIAL STRUCTURE

The government set up the House Building Finance Corporation in 1951 to provide long term loans at moderate interest to individuals and co-operatives. Loans are usually for 15 years at 6 1/2% per annum. Co-operatives have benefited, but most

of the loans seem to have gone to individuals. In 1962 a Co-operative Mortgage Bank was established for the purpose of lending to co-operatives and their members for the purchase of land and the building or purchasing of dwellings and commercial property against mortgages secured on the building or other assets. Membership in 1963 consisted of 34 housing co-operatives and 95 individuals and paid up share capital was Rs.240,000. Loans are for a maximum of 10 years at 9% interest. A concession of 1 1/2% is allowed for prompt repayment. A Savings Loans and Building Co-operative Association has also been formed with a membership of individuals.

NATIONAL HOUSING ORGANISATIONS

The only federal organisation appears to be the Karachi Co-operative Housing Societies Union, the function of which is to obtain land and develop it on behalf of the member co-operatives. It allots the central shopping area and is responsible for the provision and maintenance of central amenities. The member co-operatives allocate plots to individuals, collect development charges and maintain amenities in their own areas. The federation has borrowing powers and may purchase building materials and install and operate public services.

PANAMA

LEGAL BASE

Co-operation in Panama is governed by the Agrarian Code set forth in 1962, which incorporated the Executive Decree of 1956, the first legal regulation on co-operatives in Panama. The government authority in charge is the Ministry of Agricultural Development which has a Co-operative Division.

FORMATION AND SUMMARY OF DEVELOPMENT

Since prior to the establishment of the Panamanian Foundation for Co-operative Housing (FUNDAVICO) there was very little in the way of housing co-operatives in Panama, this report is mainly a summary of development brought about by this non-profit organisation. FUNDAVICO was founded in 1967 as a result of a joint proposal by the Housing and Urban Development Institute (IVU) and the Agency for International Development (AID), by which a non-government organisation should be in charge of a program for the development of housing co-operatives in Panama. Its activity is dedicated to the organisation of co-operative housing, urban and rural, providing them with technical assistance for the preparation, direction and execution of their projects.

Based on legislation set forth by the Agrarian Code and a financial arrangement proposed by AID, a final plan was approved in 1969 for the development of urban and rural housing co-operatives for low and low-middle income groups who at that time were not included in existing housing programs. With US-\$3,400,000 contributed by AID and US-\$500,000 in land by IVU, FUNDAVICO organised a total of 4 urban and 14 rural co-operatives during the next three years and built housing for

them. The urban developments comprise 13 low-rise apartment buildings with 547 units for three co-operative groups and 55 single-family dwellings for a fourth. These 602 housing units cost US-\$3,700,000.

In the rural sector, through a method of "self-help with technical direction", a total of 375 single-family units at a cost of US-\$320,000 were built.

URBAN AND RURAL GROUPS

Two housing co-operatives are located in the city of Panama and one in Colon, main urban centres at both extremes of the Panama Canal. Their housing projects consist of five-storey walk-ups with one, two and three-bed room units that vary between 42 and 72 square metres and have monthly rates of approximately US-\$47, US-\$56 and US-\$65 each. The fourth urban co-operative housing project was developed in David, the principal city in the West, and its two bedroom units occupy 50 of the average 300 square metres of land each member is assigned. These 55 units were later joined with 83 similar units sponsored by IVU in a previous project to form the present co-operative project.

The rural housing program, spread through six of the nine provinces in the country, comprises 4 different single-family designs of two and three bedroom capacity, with sizes ranging between 38.5 and 48.2 square metres. The plans allow occupants to do individual expansion, as many have already done, for additional bed rooms, kitchens and service porches. Monthly rates vary according to the amount of self-help labour contributed and lot size, but they average US-\$10.

BUILDING MATERIALS

Concrete masonry, the prevalent construction system, was used exclusively to erect these buildings. To meet budget limitations, interior walls were finished with heavy slurry coatings,

kitchen cabinets consisted only of counters with built-in sinks and bedroom closets had only a hanger bar. Members were expected to improve the finishings on their own and to their taste. Plumbing and electrical installations were provided complete in all urban dwellings. Rural co-operative housing was built in or around small towns, many of which lack drinking water and sewage systems. The concrete block wall and corrugated iron roof homes were provided with latrines and incorporated a concrete sink where feasible at the owner's additional expense. These were also expected to upgrade their homes as soon as improvements in public services were available.

ORGANISATION AND TECHNICAL ASSISTANCE

FUNDAVICO may initiate group formation, or previously organised groups may approach it for technical assistance. Then a socio-economic study determines their income level and financial capacity. After loan possibilities have been assured, co-operative education is undertaken for the members to familiarise them with co-operative principles, their duties and their limitations. Plans and specifications are prepared, these are let for bidding and contracts are awarded. FUNDAVICO handles all these phases as well as inspection during construction and the final acceptance of the buildings. Meanwhile the group has received its legal incorporation, elected its administrative council, and determined the services to be offered, the amounts of down-payment and monthly obligations, as well as all other information needed for subsequent operations.

After housing has been assigned, each member signs a contract with the co-operative that assures him "use and enjoyment" of his dwelling for the duration of the mortgage and binds him to a monthly payment that includes life and fire insurance, pest control and reserves for operations and takes care of maintenance repair and legal requirements. FUNDAVICO, as voucher for the mortgage, retains an administrative contract with the co-operative to handle this aspect and to prepare the budget.

OTHER HOUSING CO-OPERATIVE ACTIVITIES

Some housing co-operatives organise collateral groups such as savings and loan co-operatives, consumer co-operatives, transportation co-operatives, etc. Sports comprise a favourite outside activity and the co-operatives contribute financially to these endeavours. Periodicals and bulletins are also published by urban groups.

A few other housing co-operatives have been organised in Panama without technical assistance from FUNDAVICO, including the largest in Central America with over one thousand members, all in single family homes.

PERU

A limited number of housing co-operatives have been formed and they have established a federation. They have been stimulated in some cases by firms, such as that of Wiese, who wish to house their employees. They have also been helped by a German Catholic mission. Many co-operatives, especially in rural areas, work on the self-build system.

POLAND

FORMATION AND SUMMARY OF DEVELOPMENT

In 1980 the housing co-operatives in Poland are marking the ninetieth anniversary of their foundation. During the first seventy years of the co-operatives' development, the results of their activity expressed in the co-operative housing stock were rather insignificant, amounting only to some 20,000 flats in 1956. However, much greater accomplishments have been made as regards experience, a social approach to handling housing problems, contributions to a concept of socially oriented housing and desirable types of flats.

In the second half of the fifties housing co-operatives in Poland were recognised as a form of a socio-economic movement particularly suitable for helping to increase housing construction and improving housing stock. This form provided for greater utilisation of people's own means in meeting housing demand, released social initiative and exerted a positive impact upon efforts to maintain housing stock.

State authorities created very favourable financial and organisational conditions for the growth of housing co-operatives, and the housing co-operatives took full advantage of the possibilities offered to them. Co-operative housing construction has been rapidly growing ever since, and by the end of 1978 the co-operative housing stock reached 1,617,000 units. In 1978 alone the stock was increased by 171,000 units. The share of co-operative housing construction in towns and cities amounts to almost 80%. By the mid-seventies all 810 Polish towns and dozens of rural communities were covered by the activity of housing co-operatives.

More than two thirds of co-operative houses are designed in 28 co-operative design bureaus which employ over 6,000 people. Over 20,000 people work in the maintenance and construction firms that belong to different housing co-operatives.

By the end of 1978, the housing co-operatives had over 2,000 socio-educational establishments, approximately 1,700 sports grounds and 6,800 playgrounds in their housing communities.

AID FROM NATIONAL AND LOCAL GOVERNMENTS

This rapid development has been possible through considerable assistance on the part of the state. The co-operatives, for conducting their housing construction of educational and cultural establishments, receive an interest-free credit with a 60-year term of service and remission of one third of the credit if payments are served regularly. Co-operatives also receive interest-free credits for 60 years for building commercial and service establishments.

On leasehold for perpetual use, co-operatives receive construction sites from the state with all municipal installations.

TYPE OF HOUSING

The housing community with social, cultural, commercial, service and administration establishments, all located within not more than 800 metres, is the basic environmental, economic and organisational unit providing the population with optimum living conditions. Under today's building density and architectural arrangements, such housing communities include between 2,000 and 5,000 flats. Such a size of the housing stock under joint administration enables a co-operative to organise an adequate group of administrative and maintenance personnel capable of managing the economic unit effectively. The fact that the co-

operative's activity is limited to only one close housing community facilitates single-level management of all activities of the co-operative, and limiting financial affairs to one housing community gives better opportunities for its members to influence the management, making the members more aware that the economic effectivity of the co-operative depends on their own performance, thus stimulating the participation of members in the co-operative's life.

This model is regarded as the basic one, but there also exist co-operatives today that manage a number of housing communities amounting to a total of 25,000 to 40,000 flats and still forming a close environmental-economic unit. To such large units the model of a multi-community co-operative is applied, dividing it into separate communities in the organisational and economic sense.

The state authorities have also entrusted the housing co-operatives with the leading role in developing and modernising detached housing construction. Over the past few years the housing co-operatives have set up the organisational conditions for rapid growth and modernisation of detached housing construction. Among other things, the Chief Centre for Co-operative Detached Housing Construction has been established, which provides for designing, co-ordinating construction and conducting studies on new developments in this field.

At present the share of detached housing in general co-operative housing construction is rather small and amounts only to a few per cent; however, there are efforts aimed at quick development of this area through, inter alia, creating more favourable financial conditions for such construction activities.

The rapid development of co-operative housing construction under conditions of vast demand for flats will present the co-operatives with serious problems to resolve, with the further growth of housing co-operatives being dependent on their performance.

It should be emphasised that the co-operative housing stock in Poland is relatively new. Over 95% of the houses are less than 20 years old, 99.9% of the flats have bathrooms, 96.5% central heating, 88.0% gas facilities. The average size of a flat constructed in 1979 came to 51 square metres.

By 1990 the share of buildings requiring renovation, i.e. in use for over 15 years, will reach 21%, and even though the majority of these will have been built according to industrial technology, there is still a lack of expertise on adequate use and maintenance.

Qualitative differences between housing communities will also increase as a result of introducing new urban and architectural standards and technological and material changes allowing for better physical planning of housing communities and for improving the functional qualities of individual buildings and flats. Such changes will make the housing communities, buildings and flats constructed under less favourable conditions less attractive. Thus, one should anticipate pressure on the part of co-operative members for undertaking appropriate measures to even out such discrepancies.

RIGHTS AND DUTIES OF MEMBERS

There are two types of rights to a co-operative flat, namely the tenant's and the owner's rights.

A member receiving a flat under conditions of the tenant's rights is only the user of the flat ascribed to him, which remains the collective property of the co-operative, whereas the owner's right is transferable and hereditary. Since 1972, regulations have enabled all co-operatives to assume the status of tenancy-and-ownership co-operatives; thus their members may receive flats under the conditions of either tenant's or owner's rights. Almost 90% of housing co-operatives' members in Poland have tenant's rights to flats.

A member applying for a tenant's flat has easier conditions to meet - he has to pay 10-15% of the flat's construction costs and the remaining sum, one third of which is subject to remission, is to be served in 60 years, the credit being interest free.

An applicant for a flat with owner's rights, on the other hand, has to contribute as much as 30% of the building cost. The remaining part will be financed by a loan, repayable in up to 30 years, with an interest rate of 1%. A bonus applies in case of earlier repayment, and the last 20% of the loan will be rescinded when all payments have been made on time.

NATIONAL HOUSING ORGANISATIONS

Co-operatives of each type such as consumers, handicraft and dairy co-operatives are organised into special national unions, all members of a Supreme Co-operative Council. Housing co-operatives are affiliated to the Central Union of Housing and Building Co-operatives, with a head office and provincial branch offices in voivodship towns. The functions of this Union are to promote the development of co-operative housing, to assist and supervise co-operatives in their activities and investments, and to conduct research on housing administration as well as training and publication programmes.

TASKS FOR EDUCATION

Meeting the requirements for specialists and cadres for the management of co-operative housing has become an outstanding problem nowadays. In the next decade the number of people employed in the housing co-operatives will have to increase by approximately 50,000, if the ratio between the number of employees and the volume of housing stock is to be maintained. This increase will coincide with a period of rapid decrease in the number of people in productive age; thus it will be necessary to seek so-

lutions for limiting the demand for manpower both by mechanisation of some types of work and by an increase of the tenants' own contribution to maintaining their places of residence.

It is necessary to improve further the organisational and financial solutions in all links of housing co-operatives, to facilitate not only the realisation of the economic goals, but also to balance the economic functions of a housing co-operative with socio-educational functions. In order to maintain such a balance the role of co-operative self-management should be strengthened and an ever wider participation of co-operative members ensured in the management and social control over the activities of all bodies of housing co-operatives.

PUERTO RIÇO

The Government of Puerto Rico has for some time been socially oriented and has assumed a great responsibility towards housing development in general. The existing legislation reflects this tendency and has resulted in all the different housing programs. One of the advantages has been that since Puerto Rico is part of the United States, all federal legislation that creates housing programs is applicable to the island. These programs together with the local ones have permitted the development of thousands of urban communities with housing units of all types.

The programs are:

1. Public Housing
2. Rural Housing Development of the Government of P.R.
3. Rural Housing Development of the U.S. Farmers Home Administration
4. Private Housing insured by the Federal Housing Administration
5. Private Housing
6. Housing Co-operatives.

In the development of housing co-operatives all local programs and Federal Government programs are utilised. This development has gone through the following stages or periods.

FIRST PERIOD

In 1948 the first housing co-operatives were organised. Then in 1957 the Administration of Co-operative Development was created by law, its main object being the promotion of co-operatives of all types. Immediately thereafter 9 housing co-operatives

tives with 1,138 units were organized. During this first period other co-operatives such as co-operatives for restoration in site in decadent areas as well as co-operatives of owners of property lots, were also organized.

SECOND PERIOD

The period from 1957 to 1967 saw faster developments than the previous one. The co-operative movement became involved in the practical solution of the housing problem in Puerto Rico. In co-ordination with other government agencies a total of 68 housing co-operatives with 7,000 members were organized. The most common type built individual units. The most significant element was the use of federal and state programs for the financing as well as the mortgage insurance. Government technical assistance was very effectively used.

THIRD PERIOD

The main characteristic of this period (1968 to 1971) was the creation by the government, both federal and state, of the rent subsidy program for moderate income families. New sections were added to the national law which created four programs of subsidised housing. Through them the government assumed the mortgage interest totally, thus permitting the families to pay rent in proportion to their income, the difference being subsidised by the Federal Government. These programs have permitted low income families to enjoy not only adequate, but even excellent, standards of housing.

During this period about 8,000 newly-built units were of the management type, that is, the co-operative is the owner with only one mortgage and one financing arrangement for a 40-year term. Of this type of housing there are sixteen co-operatives still active, with 5,000 units. Two new sections have been ad-

ded, Section 8 which raises the rent subsidies to families, and Flexible Subsidy that subsidises operational costs and improvements to the structures.

The Puertorican Government approved Law No. 10 creating a form of subsidy which diminishes in a period of 15 years. Through this system the rent subsidy is lowered every two years until it is eliminated and the family assumes payment of the whole rent at the market rate of interest.

Another program being utilised is that of rural housing of the Farmers Home Administration which provides an interest subsidy to rural and small community families. The rent they pay is proportional to their income, the difference being subsidised by the program. All these subsidies are revised periodically to be adjusted to family income. There are actually few co-operatives under this statute because the individual unit type is encouraged. There are plans for building 3,000 units with this program.

FOURTH PERIOD (FROM AROUND 1972 TO THE PRESENT)

The development of co-operative housing has been greatly affected by the inflation problem. Viable alternatives are being sought both at local and federal levels.

The programs in this period emphasise high subsidies preferably to private enterprises through the Department of Housing and Urban Development and Farmers Home Administration.

TYPES OF CO-OPERATIVE HOUSING

1. Property lots co-operative - to acquire land for the construction of single units.

2. Homes co-operatives - for the construction of dwellings with individual property titles.
3. Property lots and restoration in site - to acquire lots in rehabilitated slum areas.
4. Housing conversion co-operatives - to convert public housing into co-operative housing.
5. Multifamily housing co-operatives of management type - commonly to construct multilevel buildings

FINANCIAL STRUCTURE

Mortgage insurance is provided by the Federal Housing Administration and the Farmers Home Administration.

Mortgages are given by the Housing Bank of Puerto Rico, the Government National Mortgage Association (G.N.M.A.), and the Federal National Mortgage Association (F.N.M.A.).

These banking organisations buy the mortgages at the market rate of interest, and the government subsidises part of the interest in favour of the members. The intermediate financing is obtained from private banks once the mortgage insurance and the buyer are available.

TECHNICAL SERVICES

Technical services are offered by the Federal Department of Housing (HUD), the Puerto Rican Housing Department, and the Housing Bank of Puerto Rico. Puerto Rico has a state agency which works for the development of all types of co-operatives. This agency is the Co-operative Development Administration with its Co-operative Development Company.

SPAIN

FORMATION AND SUMMARY OF DEVELOPMENT

Housing co-operatives have existed in Spain from the early years of the century; by 1930 there were 40 co-operatives with some 2,500 dwellings. Since then the need for new housing has increased with the growth of population, industrialisation, the influx of country people into the towns and the destruction of the Civil War. The First Five Year Housing Programme was initiated in 1955 and recognised the place of housing co-operatives which became eligible for direct or indirect government aid. A Second National Housing Programme followed in 1961 and extended to 1967.

LEGISLATION

Housing co-operatives are registered under the Co-operative Act of 1942 and for legal purposes are regarded as a form of consumers' co-operative. They are subject to the usual co-operative provisions regarding democratic control and limitation of the financial interest of individuals. They are under the supervision of the Ministry of Labour acting through the National Syndical Organisation, the Central Co-operative Council, and the Syndical Co-operative Department. They are grouped in area unions of an official character but have no national organisation devoted entirely to co-operative housing. Recently there has been a move to revise the law on co-operatives, and this may, among other things, make possible self-governing regional and national federations.

Other legislation affecting housing co-operatives includes the Protected Housing Act of 1939, the Rent Control Act of 1954, and the Subsidised Housing Act of 1957.

TYPE OF HOUSING

Most of the existing housing co-operatives, numbering about 800, have been formed by people requiring houses, and nearly all are of the "terminating" type which builds houses for ultimate ownership by individual members. As soon as payment is completed, the co-operative dissolves or only remains in being to operate common services or manage a housing estate. A few are consumers or credit societies with a subsidiary housing programme. Some are workers' productive co-operatives, which either build houses for co-operative and other non-profit housing associations, or produce building materials or components.

Housing co-operatives have been formed mainly in cities and industrial areas and provide middle and working class housing. They have created several planned housing estates, with social services, including schools, playgrounds and consumer co-operatives. The community character of the undertaking is emphasised.

FINANCIAL STRUCTURE

In order to begin building, a co-operative must have in hand 10% of the anticipated cost of the undertaking. Members make an initial payment, and after occupation pay a monthly assessment covering repayment of loans, administrative costs, reserves and the cost of welfare services. The initial payment may have been saved by the member, but it may also be borrowed from a co-operative credit society or some other source, including the housing co-operative itself.

In order to begin building, the co-operative can obtain an interest-free loan, secured on the value of the site, for from 33 to 75% of the cost of construction. The balance may be borrowed

from the Credit Institute for National Reconstruction, the Marine Welfare Institute, the Mortgage Bank or other benefit societies and savings funds. The loan may be from 10 to 50 years. Grants are available for subsidised categories of housing.

NATIONAL HOUSING ORGANISATIONS

None exists at present, but the formation of a federation seems to be under consideration.

SRI LANKA

FORMATION AND SUMMARY OF DEVELOPMENT

Housing co-operative societies were first formed in 1948, and at the end of March 1977 their number stood at 63. Subsequent to the initial interest, the growth of housing co-operatives has been rather limited due to the free availability of state credit for house building purposes. By the end of 1975 the number of housing co-operatives was 62, with a paid-up share capital of Rs.252,072, and a membership of 2,539. Their borrowings from the state and banks amounted to Rs.343,546. The "Kiribathgoda Co-operative Housing" formed in 1954 constructed 105 houses in a record period of 105 days.

LEGISLATION

All co-operatives in Sri Lanka are registered under the Co-operative Societies Act, dating back to 1911 with subsequent amendments. The current amended Act, dating back to 1972, closely resembles those in force in India and is administered by the Commissioner of Co-operative Development who is also the Registrar of Co-operative Societies. The Act confers powers of registration, supervision, auditing and liquidation of all types of co-operatives to the Commissioner of Co-operative Development.

TYPES OF HOUSING, METHODS OF BUILDING AND FINANCE

All housing co-operatives are of the house ownership terminating type. But a distinction should be made between co-operatives whose membership consists of individual plot-owners who have grouped together for the purpose of obtaining housing loans and those societies which were formed for the purpose of

acquiring land in addition to the procurement of loans for building purposes. The latter type is more popular as the State has extended concessions for housing co-operatives to acquire land.

Credit for housing co-operatives is available from the Department of National Housing, the State Mortgage Bank, the People's Bank and the co-operative rural banks for mortgage of property. Repayment periods of loans are from 10 to 25 years with interest rates varying from 7 1/2% to 10%. In the early stages, house construction was encouraged through builders' co-operative societies, but the present trend has been for individual members to have their own building arrangements. Where plots of land have been acquired, it has been usual for societies to provide common amenities such as roads, electricity etc.

Two national seminars on housing co-operatives were conducted in 1971 and 1972.

CONCLUSION

After the establishment of the National Housing Department the co-operative housing movement suffered a severe setback as people prefer to form "building societies" rather than housing co-operative societies. The reason is that it is easier to form building societies and obtain loans from the Housing Department through such societies.

However, housing co-operatives have made some progress obtaining necessary finances from the People's Bank, the co-operative banks and the National Housing Fund.

SWEDEN

FORMATION AND SUMMARY OF DEVELOPMENT

Sweden had a housing problem since the 1870's when industrialisation began and the population moved from the country to the towns; this process still continues, although it has become more complex, especially during the 1970's. Housing Clubs and Workmen's Housing Associations were formed as companies and registered as co-operatives when a suitable law was passed in 1895. The members were mainly philanthropists who bought up, reconditioned and relet existing properties. The housing shortage during the First World War led to the formation of the Stockholm Co-operative Housing Society which built and let flats. Members contributed 10% of the cost, and the remainder was borrowed on first and second mortgages from the local authorities or on their guarantee.

In 1917 a Stockholm Tenants' Union was formed, mainly to press for rent control, in which, for a time, it succeeded. In 1923 rents were once more decontrolled and the Tenants' Union took what proved to be a decisive step and set up the Tenants' Saving and Building Society, known from its initials as HSB. Similar societies were set up in other towns, a national HSB and (in 1934) a National Saving Fund were formed.

At first the HSB movement depended solely on its members' resources and on loans from private institutions. State and municipal funds were later created from which loans could be obtained on second or more often on third mortgage. During the slump of the thirties, these were made more freely available in order to increase employment in the building industry. During the Second World War, government and municipal lending was again increased, and after the war, it became the basis for a general housing programme, aiming at improved housing standards as well as an actual increase in the number of dwellings.

In 1940, the Co-operative Housing Organisation of Swedish Trade Unions (Svenska Riksbyggen) was founded by the Swedish Building Woodworkers Trade Union, with the object of providing employment through contractors used for Riksbyggen's projects, thus expanding co-operative housing.

Both HSB and Riksbyggen profited by the government's post-war housing policy, although most of the facilities were also open to reputable private firms and were even more favourable for municipal housing enterprises which during the 50's and especially the 60's played the dominating role in the provision of new housing in Sweden. Municipal housing was in fact in many cases initiated by HSB and Riksbyggen. In quite a few cases, co-operatives were employed by local authorities to plan housing schemes and supervise construction and subsequent administration. Sometimes they planned their own schemes. In both cases, the necessary loans were made available by semi-co-operative and private mortgage banks under state supervision as well as by the National Board of Housing. By 1979 HSB had erected a total of 387,000 dwellings, of which 252,000 in housing co-operatives, and Riksbyggen 238,000 dwellings, of which 118,000 in housing co-operatives. The same year HSB administered 79,000 and Riksbyggen 67,000 dwellings for municipal housing enterprises.

LEGISLATION

Housing co-operatives are registered under the Law on Housing Co-operatives of 1972. Older housing co-operatives were registered under the Law on Economic Associations of 1911, as amended in 1951 and the Law on Housing Co-operatives of 1930. The law provides for registration, audit and liquidation. Liability must be limited, but the limit may be higher than the subscribed share capital. Membership is in general open. Each member has one vote and there are safeguards against the taking of vital decisions without the full knowledge and consent of the membership. Co-operatives enjoy no preferential treatment in local or national taxation. On the contrary privately owned detached houses have certain privileges as far as taxation is concerned.

The Co-operative Housing Act of 1930 made it possible to draw up rules which limit membership to those for whom houses have been or can be provided, and to lay down the conditions on which occupation, the obligation of members and the conditions on which occupation or membership may be determined. The 1951 Law on Economic Associations tightened up the strictly co-operative character of organisations registered under it.

TYPE OF HOUSING AND METHOD OF BUILDING

The great majority of co-operative housing projects take the form of blocks of flats. The Municipal Councils decide the general zoning of towns and other areas which is then confirmed by the county authorities. Within these limits, HSB and Riksbyggen are free to design their own projects. A building site is secured, usually by purchase from the local authority, though sometimes on 99 years' lease. HSB and Riksbyggen then draw up architectural plans acceptable to the local authorities and ask for tenders which is a prerequisite for obtaining governmental loans. They do not build themselves, but supervise the execution of the contract.

The co-operative housing organisations have pioneered new layouts giving maximum sunshine, light and air to each dwelling. Interior design has been improved and modernised. Lifts, central heating, baths and showers, not previously considered necessary in low-cost housing, were all introduced by HSB, as were interior rubbish chutes, communal laundries, carpet-beating rooms with mechanical dust extractors. Gardens have been laid out and modern furniture designed for the flats.

In collaboration with municipal authorities, larger housing schemes are equipped with nurseries and playrooms under the charge of trained supervisors, and the children of working parents can be looked after during their absence. In fact, HSB in 1937 started and for quite a few years administered the first school for nursery-teachers. The school was in 1963 taken over by state authorities when a nationwide scheme for nurseries had been started.

The system of housing large families in special blocks has been abandoned in favour of a proportion of larger flats in each block, together with small flats for old people.

The Swedish approach to detached family housing is mainly through owner-occupation. When co-operative organisations are involved in developing detached family housing, they usually buy land which is then developed and sold to members at cost. During the last 5 years the members of co-operative and rental detached family houses have, however, increased. In some cases, land is leased for 60 years by the municipality. In the case of HSB, pre-fabricated timber houses are manufactured by a subsidiary and erected under the supervision of HSB. Contractors are employed for foundations. Paints and finishes are sometimes at the owners' choice. On completion, a Home Owners' Association is set up which makes joint purchases of fuel, installs street lighting, keeps roads in repair and looks after amenities. HSB employs a landscape gardener as an advisor. Riksborgen's approach is very much the same. When pre-fabricated houses are used, these are constructed by BPA, Sweden's biggest housing contractor, owned by the unions and the co-operative movement.

FINANCIAL STRUCTURE

HSB consists of two categories of members - those who are waiting to get a dwelling and those who already have been allotted a dwelling in a co-operative. Members in HSB pay an entrance fee of Kr. 10 and take up a share of Kr. 50. All members pay a small annual subscription. The members then get flats in the order they enlisted as members. They are invited to draw up savings plans which will enable them to deposit the required amount (formerly 10%, now usually 5%) of building costs. The deposits are invested in the National (Co-operative) Savings Fund.

The total contribution by HSB members to cover building costs in co-operatives since 1924 is more than Kr. 1,300,000,000.

The housing co-operatives formed by Riksbbyggen charge no entrance fee. Membership cannot be granted until a flat or a home can be let and the necessary down payment is made. There is no savings fund within the Riksbbyggen schemes. Those applying for membership in a Riksbbyggen housing co-operative can join a housing savings scheme with the Savings Bank.

The HSB National Savings Fund, according to recent figures, had over 100,000 depositors and total resources of about Kr. 179,000,000. All co-operatives make a yearly deposit of 0.3% of total production cost to cover future cost for repairs, etc. These deposits are invested in national funds in HSB but at the disposal of the co-operative at any time. The total resources in these funds were in 1978 Kr. 452,000,000.

The HSB Savings Fund and Repairs Fund and, in the case of Riksbbyggen, funds that on agreement are made available by the savings banks or commercial banks, are used to cover short term loans to housing co-operatives to cover the cost of construction, including the purchase of materials. On completion, this is replaced by long term loans secured by first and second mortgages. Originally these came entirely from non-co-operative sources, such as municipal savings banks, insurance companies, and the Post Office Savings Bank. Since 1937, loans on third mortgage have been available to co-operatives from the National Board of Housing. Since 1974, these loans have been available for 30-40 years, and up to 99% of total estimated cost, thus reducing the member's contribution. The state is also prepared to subsidise interest on loans from other sources. The total rate of interest during the first year is 3.5% and increases up to market rate of interest in approximately 20 years. It should be noted that state loans are also available to private builders up to 92% of cost, and to municipalities and municipal housing enterprises up to 100%. The latter often entrust the execution of their housing projects to HSB or Riksbbyggen.

The financing of self-build housing differs only little from the conditions of the co-operatives. However, loans are available up to 95% of the total estimated cost, and the total rate of interest is 5.5% during the first year, thus reducing the period within which the market rate of interest is reached. On the other hand cost of interest on the loans is deductible from the taxable income for the house-owner.

RIGHTS AND DUTIES OF MEMBERS

The starting point of the HSB system is the "parent" co-operative covering a single town or, in some cases, a county, of which there are now 74 (163 in 1965), with a membership of 352,000. The co-operative is governed by a general meeting which takes the broad policy decisions and elects a board of five, with three deputies and an auditor. If money has been borrowed from the state (which is usual), the local authority appoints one member of the Board and an auditor, both with deputies. The Board also co-opts an auditor from the HSB National Federation. In large co-operatives the general meeting is replaced by a board of representatives, elected partly by tenant members and partly by those still on the waiting list. Some also provide for a general purposes committee or a board of trustees, half elected by the members and the rest co-opted from among persons interested in housing and social welfare. All HSB's "parent" co-operatives have a full time paid manager with an office and staff.

As soon as building is completed, it is transferred to a "daughter" co-operative, consisting of those to whom dwellings have been allocated. It becomes a separate legal and economic entity which owns the building. Members elect their own board, of which one member represents the parent HSB. Members continue also to be members of the parent co-operative. In 1979 there were 2,900 affiliated housing co-operatives.

Riksbyggen does not use a "parent society" in its building system. The housing co-operative itself, founded by a branch of the national organisation is the starting point. At that moment, however, it consists of only five founding members, four of which

are elected by member unions of Riksbbyggen whilst one is appointed by the municipal authorities. Apart from this difference the procedure is very much the same in HSB and Riksbbyggen. In 1979 there were 1,100 housing co-operatives affiliated to Riksbbyggen.

The co-operative affiliated to HSB or Riksbbyggen is responsible for repayment of loans, purchase of fuel, payment of rates and taxes, upkeep and management of the building and its grounds. It employs caretakers and gardeners. It makes its own house rules and fixes its own rents which may be reduced or increased in order to cover the real costs. It is usual for the affiliated co-operative to enter into a contract with the "parent" co-operative or a branch office whereby the latter undertakes accountancy services as well as caretaking, gardening and maintenance.

Members have a permanent tenure of their flats, but may leave at any time and transfer their rights to anyone approved by the management board.

Incoming and outgoing members are entitled to make their own agreement on the economic conditions for transfer. Occupation rights may also be left by will on the member's death or, with permission, members may exchange flats or sublet. Members may be expelled for a breach of the rules. Should a co-operative be wound up, members receive their deposits back, and in Riksbbyggen a proportional part of the balance. In HSB, any balance goes to the "parent" co-operative, the government, or any institution with similar objects.

NATIONAL HOUSING ORGANISATIONS

There are two principal national co-operative housing organisations.

The National HSB Federation was formed in 1924. Its membership consists of HSB parent co-operatives. It is governed by a triennial Congress of 300 delegates which elects a general council of 50. This in turn elects a board of 11 directors, one of which is a full time paid official. Two members of the board are appointed by the employees. The board meets monthly. The Federation has

an audit office, in charge of qualified accountants which is responsible for the audit of all the member co-operatives. The Federation has six main departments: organisation; finance and accountancy; technical; building; supply of materials; industrial management.

The Federation carries on wholesale purchase of building materials and has a factory making pre-fabricated houses. It also buys from the Co-operative Union and Wholesale Society (KF) which makes sanitary fittings, heating equipment and hardboard.

The Co-operative Housing Organisation of Swedish Trade Unions (Svenska Riksbyggen) was founded in 1940. The idea was originally sponsored by the Building Woodworkers' Trade Unions, who initiated local building enterprises from 1933 in Stockholm and other large towns. The aims were more and better planned housing, security of employment and knowledge of building costs as an aid in trade union negotiations.

Membership originally consisted of building trade unions with local tenant-owners co-operatives and groups of productive enterprises initiated by the unions. In 1958, membership was widened to take in the Swedish Confederation of Trade Unions, and unions not concerned with building, though the painters, builders, electricians and sheet metal morkers unions continue to hold the majority of the shares. Since 1967, the Co-operative Union and Wholesale Society is a member of Riksbyggen.

Member organisations subscribe a minimum share of Sw.Crs. 500. Riksbyggen is governed by a triennial Congress. The Congress elects a Council of 35 members which meets annually and sits for three years. It is concerned with major policy decisions and with the election of a board of 14 members, including the managing directors, which carries on the business of the undertaking. Two members of the board are appointed by the employees.

Riksbyggen has 30 district offices. Its first concern is with co-operative housing, but it also serves non-profit housing companies (usually owned by local authorities) and undertakes contracts for schools, halls and office blocks. It has 5 departments: building (administration, financing, supervision), market co-ordination; planning and design; management of clients, and administration.

TECHNICAL SERVICES

The HSB Housing Federation is concerned with legal, organisational, planning and financial advice to member co-operatives, as well as public relations and relations with local and national authorities. It renders a complete technical service to members as well as municipal non-profit housing enterprises and carries on research in architecture, especially from the social point of view. HSB has made innovations in planning, use of light and air, disposal of refuse, heating and refrigeration and the provision of social amenities. It has a staff of 650, including architects, engineers and administrators.

Riksbyggen acts as a complete technical service organisation for housing co-operatives and municipal non-profit housing enterprises. It has resources for handling all legal, organisational, technical and financial questions connected with carrying through a housing project. Riksbyggen is linked to the BPA Byggproduktion AB, a trade union owned contractor, handling 10% of the total construction activity in Sweden. In 1980, HSB has become a shareholder of BPA.

EDUCATION SERVICES

The HSB National Federation has a regular system of staff training for personnel of all grades:

- (a) General and accountancy staff.
- (b) Chief officers of member co-operatives.
- (c) Administrative staff of affiliated housing societies.
- (d) Caretakers.

It organises local courses for the boards of affiliated co-operatives and study circles for tenants. It has a training school with places for 36 students. It has prepared and circulated appropriate handbooks and makes available correspondence courses for members. It has issued a number of reports and pamphlets, films and film strips. It arranges lectures and exhibitions.

Riksbyggen has a Consumers' Council consisting of representatives of organisations and institutions linked to housing in a broad sense. The Council aims at shaping opinion and improving consumer knowledge. It also promotes a home savings plan. Riksbyggen has its own premises as well as an organisation for training housing co-operatives' trustees, members and employees.

PUBLICATIONS

The HSB Federation publishes a periodical which goes to all co-operative members twelve times a year, and a journal intended for employees and caretakers. HSB also publishes an advanced bi-monthly journal dealing with housing and social matters.

Riksbyggen issues regularly an information sheet distributed to all members of housing co-operatives.

INTERNATIONAL CONTACTS

The Swedish housing co-operatives have for many years taken a keen interest in co-operative housing overseas and have always been ready to provide advice and advisors to developing countries. Sweden is a prominent member of ICHDA.

SWITZERLAND

FORMATION AND SUMMARY OF DEVELOPMENT

The first housing co-operatives in Switzerland were formed in the late nineteenth century, but standards and costs were at a middle class level. Early developments on a larger scale were sponsored by railwaymen, supported by the Swiss Federal Railways. Another period of growth began after the First World War. From 1924 onwards, the city of Zurich encouraged housing co-operatives by progressive legal provisions, by providing building land at low prices, by offering loans up to 94% of mortgageable value, by taking up 10% of the co-operative shares and by appointing a representative on the board of management. Other cities, cantons and communes gave similar aid, not least by direct subsidies, and federal grants have been made available. Later these were replaced by rent reductions for low income groups. In 1965, the federal, cantonal, and district assistance was initiated on a large scale in favour of social house building. It took the form of rent subsidies, loans on favourable terms, guarantee of mortgage loans, especially in favour of large housing projects. These measures were planned to last until 1970.

The Union of Swiss Consumer Co-operatives and the trade unions have also interested themselves in co-operative housing, the former building the world-famous garden city "Freidorf" near Basle. In 1927 they combined to form the Central Co-operative Bank, which, over the years, has made important contributions to co-operative housing. At the end of 1966 there were 502 housing and building co-operatives in Switzerland. These include the trade union type of building co-operative which builds houses and sells them on the market. Building and hous-

ing co-operatives with social and community objectives are members of the Swiss Housing Federation. They built 88,445 dwellings between 1945 and 1966.

LEGISLATION

The basic law for housing co-operatives is the law on contracts but they also come under the general law applying to all types of co-operative. This formed part of the Commercial Code of 1883 but was revised and detached from the Code in 1937. Housing co-operatives have benefited from general government measures for the promotion of low-cost housing.

TYPE OF HOUSING

Co-operatives associated with housing fall roughly into four categories:

1. Building and housing co-operatives which retain control of the buildings rented to members;
2. Building co-operatives ("terminating") which sell houses to members;
3. Self-build co-operatives which flourished at the end of the First World War but are no longer being founded;
4. Producers' building co-operatives, which build on contract for housing co-operatives, public authorities and private people.

There are a number of productive co-operatives which undertake maintenance duties for primary housing co-operatives. These cover building, civil engineering, gardening, repair and decoration, chimney sweeping etc.

The Swiss housing preference in the formative years after the First World War was for single family houses, either detached or in terraces. In the case of co-operatives for joint owner-

ship, these were not sold but remained the common property of the members. After the Second World War there was a transfer to flats, since the land and building costs of single family houses had become prohibitive.

FINANCIAL STRUCTURE

Housing co-operatives work largely on borrowed capital, but the sources vary in different parts of the country, as has the amount of government aid available from time to time.

Members are expected to contribute 5-10% of the cost of their dwelling in the form of share capital. In recent years there has been a tendency to raise the level of share contributions. It is usual to arrange a short-term construction loan. Recently the Solidarity Fund has played an increasing part. It was built up from voluntary contributions of the members of housing co-operatives, which up until now have contributed Fr.400,000 to this self-help finance project, which have been used in particular to help new housing co-operatives through their first financial difficulties. Loans are also obtained from the Central Co-operative Bank or from the cantonal or private banks. An important source of short term capital is to be found in the interest-free revolving funds built up by a large number of housing co-operatives. These are controlled by the Swiss Housing Federation and are put at its disposal by the Federal Government for housing projects which are recognised as being sound and progressive and, above all, seek to form new societies. On completion, the construction loan is usually replaced by a long-term loan on first mortgage at 4 1/2 - 5 1/4% secured by first and second mortgages. This may be from a cantonal or private bank or from a public insurance institution or pension fund. The first mortgage normally covers 50-60% of building costs. A further 30-40% is usually covered by a second mortgage. Housing co-operatives are making increasing use of the Guarantee Fund set up by the Swiss Housing Association as a surety.

Social housing schemes receive loans on favourable terms from local authorities, and the Federal Government has at different periods provided financial aid for housing projects, not necessarily co-operative, on condition that rents were fixed and the income of tenants below a given level. This aid has taken a great variety of forms which differ from canton to canton and parish to parish. Subsidies have been offered, usually on condition that equal sums were provided by the canton and commune, or part payment of interest on loans, with the same condition. Other forms of public aid, not necessarily available in all cantons, have been:

- (a) cash grants towards the cost of building
- (b) loans and mortgages, either free or at reduced rates of interest
- (c) subsidies to cover interest and/or rents
- (d) granting of building land at concessionary rates and its preparation for settlement
- (e) relief from stamp duties
- (f) tax reduction.

Co-operatives, on receipt of aid, usually have to accept audit and inspection by the local authorities, which have a seat on the board and an option to purchase if the property is ever offered for sale. The co-operative may also be expected to accept also tenants a proportion of low income families or large families. As the housing shortage diminishes, the volume of public support is also diminishing, and its character changing. In the future it is expected that public aid will be confined to the federal authorities and a diminishing number of cantons and communes.

METHODS OF BUILDING

Building land has risen rapidly in value and is difficult to get, unless already in the hands of local authorities. Population has increased rapidly and industry has spread. Land for a planned housing scheme may involve protracted negotiation with a large number of small owners.

Actual construction is carried out mainly by private contractors, though producers' building co-operatives may be employed. There is little central control and as yet no central buying of building materials. The standard set by the best Swiss housing schemes has, however, been widely recognised and admired.

RIGHTS AND DUTIES OF MEMBERS

The model rules of Swiss housing co-operatives lay down that:

- (a) Membership shall be open and may include corporate bodies, especially local authorities and consumer co-operatives.
- (b) Dwellings must carry minimum rent, corresponding to the actual cost of building.
- (c) No profit may be made on the sale of houses.
- (d) Tenants must be members.
- (e) Tenancies may not be arbitrarily terminated (many housing co-operatives give their members formal rights of residence).
- (f) The allocation of houses must be on social principles.
- (g) Building contractors may not participate financially in the co-operative.
- (h) Officials of the co-operative may only receive nominal fees.
- (j) There may be no distribution of profits on liquidation.
- (k) Liability is limited to the value of shares subscribed. Shares are not transferable without the consent of the co-operative board.
- (l) Each member has one vote at the annual general meeting.
- (m) Political and religious neutrality is usual.

The running of a housing co-operative is regarded as equally important with the building. Unless co-operative interest and discipline can be maintained, the project will not be a success. Much of the administration is carried on by volunteers, which is an economy but brings its own problems. Not all tenants maintain adequate standards. Some fail to make minor repairs, which are then carried out by the co-operative at the tenant's expense.

At one time, co-operatives suffered from a high turnover of tenants, but this has ceased, partly because there is a shortage of low-cost housing, and every co-operative has a long waiting list. All transfers, including those to widows, sons or the second husbands of widows, are subject to sanction by the board.

Co-operatives maintain a continued educational approach to members, who are urged to attend meetings, read and understand balance sheets, and made to realise that improvements in housing are linked with prompt payment and the accumulation of surpluses. Tenants meetings and quarterly meetings supplement general meetings, and women as well as men are urged to take part.

NATIONAL HOUSING ORGANISATIONS

The Swiss Housing Association was formed in 1919 and admits as members co-operative housing and building societies, public bodies and individuals such as architects, interested in housing. By the end of 1966, membership consisted of 393 housing co-operatives, 31 public authorities, 89 individuals and 54 collective members. The co-operatives control a pool of 64,000 dwellings. It was at first engaged mainly in educational and advisory work including publicity and training courses, but is now also concerned with the financing of new housing co-opera-

tives. It has various subsidiaries, as already described in the paragraphs on finance. Owing to the variety of regulations and attitudes towards housing of the cantonal authorities, much of the work of the Association is carried on by its regional sections.

UNION OF SOVIET SOCIALIST REPUBLICS

For the first time in the history of human society the new Constitution of the USSR has legally established for Soviet citizens the right to housing (Art. 44). This right is ensured by the development and upkeep of state and socially-owned housing, by assistance for co-operative and individual house building, by fair distribution, under public control, of the housing that becomes available through fulfilment of the programme of building well-appointed dwellings, and by low rents and low charges for utility services.

In the USSR most of the housing demand of the population living in towns and townships is satisfied by state housing construction which is expanding every year. In addition, individual and co-operative building is gaining scope.

As a public form of economy by the character of its organisation and democratic principles, which are continuously developing, housing co-operatives ensure the management of housing by the working people themselves.

At its initial stage the housing co-operative builds a dwelling house. This period, as a rule, does not last long. At the following stage the housing co-operative runs this house and provides its maintenance for many decades. Thus, the very duration and character of the housing co-operative's activities show that consumer functions dominate in them.

In the first years of Soviet power, co-operative housing as a means to improve the material and living conditions of the Soviet people was one of the functions accomplished by the consumer co-operative movement. The Centrosoyus Rules, adopted on December 16, 1918, stated that satisfaction of needs of the members for housing is one of the tasks of the consumer co-operative movement.

But as the tasks set before the consumer and housing co-operatives were not similar on the whole and did not coincide, in 1924 the housing co-operatives were separated from the consumer ones to form an independent type of co-operative associations.

In the following decades the housing co-operatives of this country were more than once reorganised in accordance with the changes which took place in the development of socialist economy and Soviet law (in particular, in the laws of land-tenure, construction and housing, laws of family and succession, etc.).

In the late fifties and early sixties the Council of Ministers of the USSR adopted a number of Decisions on the development of housing co-operatives, which outlined the most important conditions for the organisation and activity of housing co-operatives in the USSR and set tasks for them to fulfil.

Long-term credits on privileged terms, supply of building materials and equipment at state-fixed prices, projects and designs for building and assembly work done by state-run organisations, along with a number of other privileges provided for housing co-operatives, have created a solid basis for their development.

The above-mentioned Acts resulted in a rapid growth of co-operative housing, covering nearly all of the country's urban and rural areas. In 1964 the share of co-operative housing in the total volume of housing construction amounted to 6.9 % and in 1965 to 9 %. This share grew still higher in the following years.

In 1965 the Council of Ministers of the Union Republics approved new model rules of the housing co-operatives, which are now in effect. The adoption of the new model rules was caused

by the fact that in spite of the numerous revisions and amendments of the previous model rules they left many legal questions unsolved and did not satisfy the demands of the citizens, neither of those who wished to join housing co-operatives nor of those who were already members of them.

The present model rules of housing co-operatives contain articles which have been developed and given a more precise definition alongside certain amendments which were due to the rapid development of housing co-operatives. (In some cases these changes have been enforced by a number of acts.)

Housing co-operatives are formed both on a territorial and productive principle (within enterprises, establishments, offices and state farms). Workers and employees of small enterprises, establishments, offices, as well as pensioners may be associated in one housing co-operative.

A housing co-operative is a voluntary association of citizens. Its purpose is to satisfy its members' need for housing by building blocks of flats with money supplied by the members and with the help of state loans. The maintenance and management of a finished house is also the responsibility of the co-operative.

Housing co-operatives are not organised in a single system: there are no territorial or other unions as is the case with the consumer co-operatives. Every housing co-operative is an independent body the activity of which is supervised by the Executive Committee of the local Soviet of People's Deputies.

Within a Union Republic the activity of housing co-operatives is supervised by the Housing and Municipal Ministry.

The organisation of a housing co-operative within an enterprise, establishment or some municipal department does not mean, however, that this co-operative is attached to the given body. A certain dependence of a housing co-operative is displayed only at the stage when the members' applications are considered by the local Executive Committee and a co-operative is formed as a juridical person. Later on a housing co-operative acquires the right of a self-governing organisation with its own rules, the co-operative's activity being guided and supervised by the Executive Committee of the local Soviet of People's Deputies.

The co-operative may start building a house only after it has supplied to the bank not less than 40 % of the total cost of construction and obtained a state loan and a permission to build.

Bodies of authority of the housing co-operative are the following: the general meeting of members, the meeting of representatives and the board.

The auditing commission is a control and supervisory body in the housing co-operative.

The general meeting of co-operative members is the highest democratic authority on the matters pertaining to the running of the housing co-operative. It is convened at least twice a year and decides all the important questions of the co-operative's life and activity.

The general meeting is considered valid and its decisions acquire a juridical force only when not less than two-thirds of the members are present at it and take part in the voting.

The attendance of not less than three-fourths of the membership is required to decide questions concerning the size of

the shares and specialised funds, of the maintenance and management payments, the order of the house's maintenance, the expulsion of members, the reorganisation and dissolution of the co-operative. The decision of the meeting is considered passed when not less than three-fourths of those present voted for it.

Model rules of housing co-operatives make provisions for extraordinary general meetings in cases when a decision on urgent matters is required. Extraordinary meetings are convened at the request of either one-third of the membership (representatives), or at the request of the auditing commission or the Executive Committee of the Soviet of People's Deputies. The extraordinary general meeting shall be convened not later than 6 days after the request is submitted to the board.

The meeting of representatives (provided for in co-operatives with a membership over 300), like the general meeting, is the supreme authority of the co-operative.

The representatives are elected by the general meeting of members domiciled in a house (or houses) for a term of two years, the quota being one representative for every four members.

The meeting of representatives has the right to decide all the questions of co-operative life which are within the competence of the general meeting of members.

At the same time such questions as adoption of rules, amendments to them, the size of the shares, specialised funds, maintenance and management payments, reorganisation or dissolution of the co-operative and some other important matters shall not be decided by the meeting of representatives, but by the general meeting of co-operative members.

The board is the executive body of the co-operative. It is elected by the general meeting of members for a term of two years and consists of at least three members.

The board is accountable to the general meeting and, the same way as the whole co-operative, is supervised by the Housing or Municipal body (department) by which its rules were registered.

The board elects from amongst its members a chairman, vice-chairman or several vice-chairmen.

The board decides on the allocation of the co-operative's cash money and fulfils the functions provided for its competence by the model rules.

The auditing commission is a body of internal co-operative control. It is elected by the general meeting of members for a term of two years and consists of at least three members. The chairman of the commission is elected at its organisational meeting.

Taking into consideration the special status of the auditing commission the rules envisage that neither the board members and their near relatives, nor the co-operative's accountant and cashier, nor the manager of the house and other persons whose activities are controlled by the auditing commission shall be elected as its members. No relatives, such as husband and wife, brothers, sisters and so on shall be members of both the board and the auditing commission.

The commission carries out auditing of the economic and financial activity of the board and its committees at least twice a year.

The auditing commission is independent of the board or officials and is accountable to the general meeting of members.

Permanently functioning public committees (such as building, maintenance, greenery planting, cultural, children's, sani-

tary, fire-prevention) are set up by the board of the housing co-operative. Bigger co-operatives have in addition financial, inventory, legal and other commissions.

The state renders the housing co-operatives its assistance strictly observing the main principles of co-operative democracy which are secured by the law and model rules of housing co-operatives.

The state authorities encourage the activity of housing co-operatives, help them in the construction and maintenance of their dwellings, control the observance of the socialist law, etc. At the same time the housing co-operatives independently work out, discuss and approve their own economic and financial plans, choose the types of houses and sites for construction, elect at their general meeting the bodies of authority, manage their own economy and deal with their funds.

The model rules of housing co-operatives state that the activity of the housing co-operative is carried out under the guidance and supervision of the Executive Committee of the local Soviet of People's Deputies. The latter has the right to cancel the decision of the board and general meeting if it contradicts the laws and rules of the housing co-operative.

The state guidance of housing co-operatives is brought out by the fact that co-operative housing construction is carried out on the land that belongs to the state; secondly, the state supplies the co-operatives with project documentation, ensures building and assembly work done by state organisations; and thirdly, housing co-operatives get from the state new building materials, credits and so on. Thus, state guidance is expressed primarily in rendering the housing co-operatives material and organisational assistance.

UNITED KINGDOM

FORMATION AND SUMMARY OF DEVELOPMENT

In view of its success in other branches of co-operation and the public interest in housing, including the pioneering of garden cities, the United Kingdom has been slow in applying co-operation to house-building and management. The reasons for this slow development were identified in the Final Report of the Working Party on Housing Co-operatives (Chairman: Harold Campbell) as being

- i. the lack of general knowledge about co-operatives;
- ii. the inadequate number of sponsoring bodies with sufficient resources to propagate the ideas behind co-operative housing and to promote actual schemes;
- iii. the lack of helpful legislation, particularly in financial matters;
- iv. the unusual strength of the local authority tradition in this country and the scale of provision of municipal housing.

A limited number of housing co-operatives have been in operation at least since the Housing Act 1936. These include groups formed to let or sell houses to their members, groups of employees provided with housing by industrial firms and philanthropic bodies providing houses for special groups. To these have been added self-build co-operatives and tenants co-operatives.

In July 1979 there were 96 co-operative housing associations registered with the Housing Corporation with a further 100 or so registered only with the Registry of Friendly Societies. Al-

most all (185) of these were active groups. 41 co-operatives were able to house in directly owned housing at least some of their members. 6,200 dwellings were in co-operative ownership - a growth of 21% over the previous year. Despite this growth, co-operative activities remain concentrated in London, the West Midlands and the North-west, with small though significant ventures elsewhere.

LEGISLATION

All co-operatives, in the strict sense, formed for any purpose (distribution, agriculture, industrial production etc.) in the United Kingdom, are registered under the Industrial and Provident Societies Act of 1893, consolidated in 1965. It provides for incorporation and grants the powers usual to corporate bodies. Liability is limited and individual shareholding restricted. It does not define co-operative structure very closely, but as Rules and Amendments to Rules must be sanctioned by the Registrar of Industrial and Provident Societies, unco-operative provisions, such as plural voting or distribution of profits to shareholders in proportion to shares, are unlikely to find acceptance. Co-operatives are audited by private chartered accountants, but make an annual financial and general report to the Registrar. Co-operatives, unless registered as housing associations, receive no fiscal benefits and, until the Housing Act of 1965, received no loan capital from the state. Local authorities had power to acquire land on their behalf, to make loans or grants and to guarantee loans or the interest on loans from other sources, but practical results were limited. The Act of 1965 made loans (hitherto only available to housing associations) also accessible to housing co-operatives, provided they registered as housing associations, but the use of local government funds was restricted by the reductions in local government spending, especially on housing, which became necessary in 1976-77.

Since April 1974, the Department of the Environment has been asking local authorities and housing associations to introduce schemes of tenant participation on estates and to promote co-operative housing within their housing strategies. The Housing Rents and Subsidies Act 1975 provided the statutory authority for government subsidies to local authorities and to housing associations to be passed on to housing co-operatives when they were sponsoring them.

The government has recognised and Parliament supports three types of co-operative housing associations:

1. Management co-operative - an association of tenants who, while not owning or leasing the estate in which they live, nevertheless have collective responsibility for some or all of the management functions.
2. Non-equity co-operative - a co-operative through which the tenants collectively own or lease the estate in which they live but do not individually own any part of the equity (i.e. the value) of the property.
3. Co-ownership association - an equity-sharing co-operative, i.e. the members collectively own or lease the estate in which they live and each shares in any increase in the value of his particular dwelling, receiving payment for it on leaving.

TYPE OF HOUSING

This is usually in the form of single family houses, either detached or in terraces. Members may belong to a single industry (there are several railwaymen's housing co-operatives), or be united only by their housing needs. Some occupy their houses as tenants; others have taken full possession on repayment of all loans. Recently there has been increasing interest in

co-operative housing for young, unattached people, including students, who aim not only at a roof over their heads, but at some form of communal life. Increasingly older properties are being rehabilitated and tenants co-operatives starting up in the inner cities.

METHODS OF BUILDING

Conventional building contractors carry out the bulk of the building works, small local firms often being employed on the small projects in inner cities.

In self-build co-operatives, members provide all the labour required. Some 400 have been formed since the Second World War and have built about 7,000 houses. Some are preceded by a savings group. Many of these dissolved as a legal association on completing construction and repayment of loans though some retain co-operative ownership and let accommodation to their members. On formation of this type of co-operative, members take up minimum shares of £20-25, and usually undertake to pay a weekly subscription towards running expenses. They also pledge themselves to a minimum number of hours' work in their spare time (from 16-25 hours a week between spring and late autumn is normal). Work is valued on a points system. The key to success is held to be the inclusion among the members of skilled men with a knowledge of different aspects of the building trade. Where this is possible, and the untrained are prepared to learn, the quality of building may be as high as or higher than that of commercial firms. The inclusion of a lawyer and an accountant in the membership is regarded as helpful. Self-build co-operatives tend to be small (from 10 to 80 members). This is a minority movement since it calls for some capital, stability of employment and self discipline.

The approach to housing through workers' productive associations was attempted after the First World War when building workers,

especially in the North, formed co-operative building societies. They had trade union support but failed to raise sufficient capital to initiate and execute large schemes and carry them through to the point where they could claim the first instalment of cash. A less ambitious but ultimately more successful venture, after the Second World War, was the East Midlands Housing Association. This began as a workers' co-operative with support from the Co-operative Productive Federation, from consumer co-operatives, local authorities and the Co-operative Permanent Building Society. It began with contracts for the rebuilding of cottages damaged by colliery subsidence and went on to build new housing estates with dwellings for sale, either to individual occupiers, or to local housing associations controlled by tenants or employers.

FINANCIAL STRUCTURE

Following the provisions of the Housing Rents and Subsidies Act 1975, a housing co-operative can in theory use the loan and subsidy systems available to housing associations and local authorities where large capital grants are paid towards the total cost of the project upon completion. A housing co-operative can also borrow privately and use subsidies available to private individuals (e.g. option mortgage subsidy and improvement grants). In summary, finance may be derived from three sources:-

- i. The housing association loan and subsidy systems set out in Part II of the Housing Act 1974.
- ii. The local authority subsidy and rate support system as set out in the Housing Acts generally.
- iii. Private finance, i.e. building societies, insurance companies etc. In particular the Co-operative Insurance Society and the Nationwide (Co-operative Permanent) Building Society.

It was also hoped that, in addition to new groups wishing to form co-operatives and provide their own housing by new building or acquisition and modernisation of existing property, use of the first two finance systems would encourage other co-operatives to develop by the transfer of responsibility and control from a conventional housing association or local authority to a co-operative formed by the tenants of an existing estate.

NATIONAL ORGANISATION

The Housing Act of 1964 provided for the establishment of a Housing Corporation to give advice on the formation of cost-rent housing societies and co-ownership schemes, to assist in finding land, preparing schemes and borrowing either from existing building (loan) societies or from a fund of £100 million (later raised to £750 million) put at the disposal of the Corporation by the Ministry of Housing. Loans are for periods of 40-60 years, to be repaid in half-yearly instalments of principal and interest combined. They were intended to cover up to one-third of cost. Additional loans may be from building societies, local authorities or banks. These provisions have been replaced by the 1974 Act as amended by the Housing and Rent Subsidies Act of 1975. A National Federation of Housing Societies (the majority not co-operatives) was formed and recognised under the Housing Act of 1936. It is managed by a Council elected by member societies. It is voluntary and non-governmental in character. The Housing Corporation set up under the Housing Act of 1961 is a public body handling public funds and with a publicly appointed governing body. The two organisations complement one another's work. They aim at the encouragement of local, self-governing housing societies of various types which they can advise and partially finance. They are not proposing to build, supply building material nor offer technical services, though the Housing Corporation may give architectural advice.

Since the passing of the 1974 Housing Act, there has been consistent political support for co-operatives, but less certainty on how best to promote, service and control the movement. In 1976, on the invitation of the Government, the Corporation established the Co-operative Housing Agency - a specialist and distinct group within the Housing Corporation which might ultimately be hived off to become an independent body responsible to co-operatives themselves, if and when the movement developed sufficiently. In the meantime, the Secretary of State established an Advisory Committee on Co-operatives to advise the Housing Corporation Board. It was hoped that this arrangement would combine the advantages of the Corporation's experience and administrative strength with a first step towards co-operative independence.

The Agency performed much important work. It was the source of greatly needed advice and support; it ran courses and produced a useful range of promotional and educational literature, including a valuable newsletter. But these successes were achieved against a background of problems caused by the incompatible functions which the Agency had been given; on the one hand, it was a statutory agency charged with servicing co-operatives within the public system; on the other hand, it was an agency expected to campaign for and represent co-operative interests. For this reason, following an initiative by the Minister of Housing and Construction, it was agreed in late 1978 to integrate the central policy and advisory work of the Agency into the Housing Corporation's Housing Policy Division. In addition, more local support for co-operatives would be achieved by devolving some of the local advisory work to the Corporation's Regional Offices. These changes became effective on 1st April 1979.

RIGHTS AND DUTIES OF MEMBERS

1. Management Co-operatives: Since the co-operative is to be a body that enters into an agreement with local authorities and the Department of the Environment, it needs corporate status,

which is best achieved by registering as an Industrial and Provident Society. When registered the co-operative elects its management committee which can formally enter into any legal agreement. The types of responsibilities to be undertaken by management can be narrow or broad in scope and are set out accordingly:

- (a) responsibility for upkeep of common areas, community centre etc; responsibility for enforcement of tenancy conditions which affect relations between members;
- (b) responsibility for caretaking/warden service, for minor repairs and maintenance and for rent collection;
- (c) responsibility for tenant allocations;
- (d) responsibility for fixing tenancy conditions;
- (e) responsibility for large scale maintenance work;
- (f) responsibility for fixing rent levels;
- (g) responsibility for the improvement and conversion of dwellings and for the development and improvement of amenities.

2. A non-equity co-operative is registered under the Industrial and Provident Societies Act. It is therefore a democratic non-profit seeking organisation where each member has one vote only at general and other meetings and in the election of officers. No-one is an individual owner. A member's share usually costs £1. The interest paid on shares is limited by statute. There is no distribution of the equity (i.e. the increase in value of the properties that may occur over a period of time remains vested in the co-operative and does not accrue to the benefit of the individual). The members of the housing co-operative elect a committee of management from among themselves. This committee is given the responsibility of administering the association's affairs on behalf of all the members to whom it is answerable, and it is empowered specifically to appoint and instruct staff and/or consultants to help in its tasks.

3. Co-ownership: A co-ownership housing society is also a co-operative association, the members of which collectively own the dwellings in which they live. The management committee's responsibilities are as for non-equity co-operatives. The entitlement a member has to a premium distinguishes a co-ownership from a non-equity co-operative. A co-ownership housing society is usually set up by an approved sponsoring society which undertakes all the pre-development and development services required to see the scheme through to completion and assists the members in taking control through an elected committee of management. Inflation has now made new co-ownership schemes too expensive for most people. Nevertheless there were more than 40,000 households in co-ownerships completed before new ones were priced out of the market.

In the autumn of 1974 a Working Party on Housing Co-operatives was appointed by the Minister of Housing with the following terms of reference:

- i. How to encourage the formation of co-operatives which involve corporate ownership
- ii. How to bring about more tenant participation in management
- iii. How to enable tenants to acquire a financial stake in their homes
- iv. How to tackle the current problems of co-ownership.

The Working Party issued its Report in 1975. It assessed the merits of co-operative housing and its suitability, both to new building schemes and to those already carried out by local authorities, including the transfer of existing council housing estates to co-operative ownership.

The conclusion is that it can be a valuable solution in both circumstances, providing the tenants really desire it, and that they are willing and able to receive advice and sponsorship

from the local authorities and other institutions equipped to provide it. Some action on these lines has already been taken (e.g. in Leeds and in Camden) and public interest has certainly strengthened in recent years. Large scale development may have to await the relaxation of the present financial stringency.

The co-operative housing movement in Britain has been most active in the London area and in the North West, but development remains confused and sporadic: "it is a confusion about roles, purposes, and bewildering mesh of permissive and restrictive financing conditions, compounded by a confusion of attitudes within the voluntary housing movement", as well as among local authorities. This was written about the policy of London boroughs in relation to housing co-operatives, but it applies to the movement for social housing in general and its relations with public authorities. This has been recognised by the national organisation concerned, and there is a growing conviction that a more stable and uniform relationship with local authorities, the Ministry of the Environment and the Housing Corporation, and a firm decision of the niche in the housing world which co-operatives can most successfully occupy, are the most obvious needs of the future.

TECHNICAL AND EDUCATIONAL SERVICES FOR CO-OPERATIVES

These are provided either by housing associations or local authorities who sponsor any new co-operative development or by a federation of housing co-operatives and developing co-operatives in what is termed a secondary co-operative which has a staff paid for by the federation members to

- i. assist the development of new housing co-operatives;
- ii. provide housing management services for its existing member co-operatives;

- iii. act as a local resource centre for information exchange, co-operative education and representation of opinion in matters of common interest.

The secondary co-operative is wholly owned and controlled by its member co-operatives. Good examples are now found in several cities in Great Britain.

The National Federation has issued a handbook and a directory as well as several other publications on co-operative housing.

UNITED STATES OF AMERICA

FORMATION AND SUMMARY OF DEVELOPMENT

A few co-operative housing projects date from the 1920's. Most of these were in New York, some sponsored by Scandinavian groups. The most important were those initiated by the Amalgamated Clothing and other trade unions, which in 1926 formed a limited company, the Amalgamated Housing Corporation, to build co-operative dwellings. Nine apartment blocks were completed in the next four years. A second organisation, Amalgamated Dwellings, was set up in 1930 as part of a slum clearance scheme. In 1951 the two organisations formed the United Housing Foundation, which by the end of the decade had 12 affiliated co-operatives.

At this stage housing co-operatives received little encouragement from federal or state authorities, although a good deal of assistance to housing in general was provided under the New Deal. During the period immediately after the Second World War, there was widespread interest in co-operative housing and two new organisations were formed, the Middle Income Housing Corporation in New York City, covering a selective field, and the more comprehensive and influential Foundation for Co-operative Housing sponsored by individuals in the Co-operative League, the A.F.L.-C.I.O., and the Housing Movement. In 1960 the Co-operative League of the U.S.A. brought the existing federal organisations together in a National Association of Housing Co-operatives.

LEGISLATION

The first federal legislation relating specifically to co-operative housing was passed in 1950 in the form of Section 213 of the Housing Act, under the influence of a report of the

Banking and Currency Sub-Committee on European Housing Development. The Housing Act of 1961, which facilitated loans for the provision of housing for moderate income and displaced families followed. The procedure is that mortgages insured by the Federal Housing Administration are purchased by the Federal National Mortgage Association (FNMA). These mortgages then serve as a basis for the sale of "participations" in the open market by FNMA. The federal government pays the difference in interest rates. The effect of these measures was a steady increase in co-operative housing. By 1971, the Federal Housing Administration had insured over \$2,181 million in mortgages on more than 154,000 dwellings.

No federal law provides for the incorporation of housing co-operatives. In 21 states they can be incorporated under laws designed for consumer co-operatives, and in others they may be registered as non-profit or "limited dividend" associations. There is no general tax exemption though some abatement is allowed in New York and a few other states. The National Housing Act of 1934 provided for federal insurance of loans from private agencies for housing purposes. Section 213 of 1950 provides for various types of co-operative housing, including the "sales" type, for eventual ownership by the members, and the "management" type, in which dwellings remain the property of the co-operative and are jointly managed by the members. Either type can get an insured loan under Section 213 for a period of 40 years up to 97% of the value of the property. The Housing Act of 1961 raised the limitation of loans for certain types of housing to 100% of estimated replacement value, at below market interest rates.

TYPE OF HOUSING

In New York and some other municipalities, sites, often secured by slum clearance, are made available by city authorities. The United Housing Foundation (New York) owns and controls Communi-

ty Services, Inc. which provides member co-operatives with a management service and acts as a general contractor for building sponsored by the Foundation. It has been responsible for slum clearance and redevelopment carried out by four co-operatives, which have between them put up twelve blocks of flats containing 4,443 dwellings. They are known collectively as the Co-operative Village and include a number of community services such as branch libraries, nursery schools, a teenage canteen, a centre for the elderly, facilities for music, art, theatre, crafts and hobbies, credit unions and co-operative supermarkets. The Co-operative Village claims never to have had a case of juvenile delinquency, and a minimum of fires. Collective contracts may be made for the supply of water, electricity and gas, sometimes for basic foodstuffs. In recent years a number of consumer co-operative supermarkets have been organised in the large new housing co-operatives built by the United Housing Federation in New York City. The average size of flats is two bedrooms, equivalent to 4 1/2 rooms including bath.

Outside New York some housing co-operatives have been formed by industrial workers and some by administrative workers, intellectuals or artists anxious to escape from the city and live in a neighbourhood of like-minded people. Projects often include a substantial element of self-build, though this has sometimes involved conflict with trade unions. The U.S.A. seems to be the only country in which this situation has arisen. The standard of accommodation in single family houses is relatively high, though in some cases this is achieved by instalments. Some schemes maintain joint ownership, others transfer houses to the occupying member. In some, the co-operative aspects of the undertaking are limited to the acquisition of land, the layout of the site and the maintenance of communal amenities. Some include co-operative medical and dental services or an element of smallholdings. Some have been sponsored by trade unions, private employers or the credit unions which have provided the capital.

A special form of housing association is the campus co-operative, of which there are some 300 in more than 100 colleges and universities. Membership is estimated at between 12,000 and 15,000. They have set up the North American Students' Co-operative League, which includes four Canadian members.

FINANCIAL STRUCTURE

Up until 1950, housing co-operatives raised all their own capital. They expected members to pay an entrance fee and invest an "earnest payment" of \$200-500 per room, or about 10% of total cost. Loans for the construction period were obtained from trade unions, credit unions and in one case from a newspaper with trade union sympathies. The completed building was then mortgaged up to two-thirds of the cost of the project. In some cases members were expected to borrow individually from credit unions. In others, a revolving fund was built up which made possible the construction of the first house. On completion, this was mortgaged to build the second, and so on. Sometimes members contributed sites or labour. A few strong housing associations sold preferred stock or mortgage bond certificates to the public. Since 1950, borrowing has been greatly facilitated by federal loan insurance, up to 90% of the value of the property, for forty years. Loans could be obtained at 4 3/4 - 5 1/2 %. The Housing Act of 1961 provided for direct government loans at the same rate as government borrowing. These mortgages were purchased by the Federal National Mortgage Association. Some projects were insured up to 97% and in the case of families with limited income, 100% of the value. This reduced down payments to cover closing and other costs to \$150-200 per dwelling. By 1967 out of the 160,000 co-operative housing units in the United States, 35,000 were conventionally financed from insurance companies, trade unions and pension funds, while 115,000 for middle income and 13,500 for limited income families were financed under the Federal Housing Administration insurance programme.

In 1973 a moratorium was called eliminating federal government assistance for co-operative housing production. Meanwhile, interest rates on loans have been going up, and the current rate in 1979 is approximately 10%.

The estimated number of co-operative housing units (townhouses or apartments) in May 1978 was 523,000, of which 185,000 have mortgage insurance from the federal government, 113,000 are conversions of existing rental property to co-operative ownership, and 225,000 are with mortgages which come from banks, savings and loan associations, insurance companies or other sources without mortgage insurance.

METHODS OF BUILDING

The United Housing Foundation of New York and Co-operative Services of Detroit act as their own general contractors on any project they undertake. This includes co-operative purchase of materials. Other co-operatives use private contractors or supplying firms. Mid-Western housing co-operatives are exploring the possibility of joint action.

RIGHTS AND DUTIES OF MEMBERS

The Federal Housing Administration provides model forms covering legal transactions, including agreements with members, management and third parties. It regulates the eligibility, entry and transfer of members and provides for periodical reports. It offers members a substantial advantage, since their share of real estate tax and mortgage interest may be deducted from taxable income, as in the case of the owner of an individual family house. Co-operative borrowings under the Housing Act of 1961 are subject to certain controls, and there is a limit on the income of members entering, though "as presently contemplated, there will not be a re-examination of income for continued occupancy."

Model Rules issued by the Department of Labour before the passing of Section 213 provide that all members must be residents (i.e. tenants). They must subscribe shares related to the cost of their future dwellings. If a member wishes to leave, shares must first be offered to the Association. They may be repaid or transferred at the discretion of the Board of Directors. Provision is made for compulsory repurchase by the Association or repurchase may be refused. Dwellings may not be sublet without the permission of the Committee. Interest on shares is limited. Provision is made for the formation of a general reserve, a patronage fund and an educational fund. Reserves are indivisible on the winding up of the Association, when disposal of assets is determined by the Federal Housing Administration or the agency insuring the mortgage. Directors are elected at the annual general meeting, at which each member has one vote. A two-thirds majority is needed for a change of rules or dissolution.

In their early years, the New York housing associations laid down certain additional principles, which are of interest although they are no longer a full reflection of modern co-operative policy:

- (a) Open membership without restrictions of race, creed or colour.
- (b) No speculation in the sale of members' shares.
- (c) Membership to be drawn from a number of industries; not more than 10% from any one trade union (to guard against the economic consequences of strikes).
- (d) Flexible admission and withdrawal of members.
- (e) Joint ownership of the co-operative but no individual ownership of dwellings.
- (f) Short term leases.

- (g) No interest on share capital but refunds on carrying charges paid by members.
- (h) Abstention of sponsoring trade unions from direct intervention in the affairs of the association.
- (i) Membership education to begin before dwellings are allocated. Each association to be directed by a board and a house committee.

A housing co-operative is usually responsible for all structural repairs, plumbing, heating and similar services. Members carry out minor interior repairs with the consent of the co-operative.

Monthly repayments usually cover interest and amortisation of loan, administration, heating, repairs, janitor service, maintenance of playgrounds and other property but not usually interior decorating. In house purchasing co-operatives, only interest and amortisation are covered. Payment is not related to members' income except in so far as direct federal loans impose an upper limit on the income of those admitted. Provision for members leaving the co-operative is not uniform. In New York City they only receive their original share investment. Elsewhere other factors, including depreciation, are taken into account. In 1975 the New York City housing co-operatives became involved in a dispute with the State Housing Finance Agency resulting in a rent strike in which 80% of tenant members participated. The outcome was the withholding of \$22,000,000 needed to meet the service on a 45 year mortgage loan from the state and New York City of \$290,000,000 (out of a total loan capital of \$422,000,000). Rents also covered heating and maintenance costs, and it was the increase in these costs which members contended should be absorbed by the State. The dispute went before the Supreme Court which granted the Agency power to foreclose. The project of Co-operative

City went into bankruptcy but was not foreclosed because this concerns the housing arrangement for thousands of families. So Co-operative City is still in existence, with management provided by a locally elected board. Further developments will have to be awaited; they will be of interest to countries with similar types of housing where similar problems may arise.

NATIONAL HOUSING ORGANISATIONS

The central federation of housing co-operatives in the United States is the National Association of Housing Co-operatives formed in 1960, which is mainly advisory in character. It has 7 or 8 regional co-operative organisations among its members. Among organisations acting on behalf of regional groups of housing co-operatives are the United Housing Foundation (formed in 1936) and Co-operative Services Inc. (Michigan), which provides management services for member co-operatives and acts as general contractor for building sponsored by central organisations. They are particularly interested in housing for the elderly. The Foundation for Co-operative Housing also has a co-operative programme of housing for the elderly, in addition to a management service for existing property. The North American Students' Co-operative League has already been mentioned; it provides campus housing for its members.

The United States housing co-operatives have been active in recent years in promoting co-operative housing mostly through F.C.H., in overseas countries, especially in Latin America, the Caribbean and parts of Africa and Asia, chiefly through propaganda, advice and technical assistance. A.I.D. funds have been made available to them for this purpose.

VENEZUELA

It is reported that five housing co-operatives were formed about 1958, with the object of reconstructing 4,000 dwellings. This project was related to a national programme of rural houses. Places are selected with a population between 500 and 2,500, and a self-help project initiated, aided by interest-free government loans. After the houses are built, a society of the Friends of Housing is established, to which social workers and anthropologists are attached. Recent reports of this scheme do not seem to have been published.

YUGOSLAVIA

Housing co-operatives have existed in Yugoslavia since 1870 and have developed according to social conditions and the needs of the people.

Housing policy is uniform throughout the country. Most housing is constructed by enterprises, and the apartments built by these enterprises are collective property for which tenants pay rent.

In addition, considerable housing is constructed by individual citizens. Housing construction by co-operatives, on the other hand, has been less significant so far than the other two forms of construction. Social life in communities, as the basic cells of society, is organised for all citizens alike, including the members of housing co-operatives. Co-operative activities are only a part of all efforts at this level to perform such functions as meeting social needs and looking after the maintenance of facilities.

Housing co-operatives in Yugoslavia are set up according to the free will of the citizens and not by any order of the authorities. When the wish and interest for establishing a housing co-operative have been expressed, an agreement has to be signed by at least 30 people and a statute drafted. On this basis a housing co-operative can start its work. In Yugoslavia there are model statutes for housing co-operatives which have been developed by the Republic and the provinces and which regulate the activities of housing co-operatives. These statutes make it possible to organise co-operatives but are not binding; the contents of the individual statute as it is actually drawn up depend upon the will and the needs of the people.

There is a uniform credit system for the construction of housing. Credits are given for a period of 20 to 30 years, at 3% interest and with the obligation of the borrower to contribute 20% to 30% of the capital. Housing co-operatives erect different types of buildings, for the most part multi-family apartment buildings, but in small localities single-family houses and smaller apartment buildings. Characteristics of housing co-operatives in Yugoslavia are that they build apartments for their members only and that the apartments are the personal properties of the members. The activity of these co-operatives is a continuing process and includes the maintenance of co-operative buildings after the completion of construction.

The growth of housing co-operatives has been increasingly promoted by social measures and especially by policies on credit, land for construction, and income tax, so that during recent years the membership of these co-operatives has grown accordingly. Today all housing co-operatives have a membership of between 1,000 and 15,000 persons, depending upon the area in which the co-operatives are located. At present there are 86 housing co-operatives, with about 90,000 members.