

The Impact of the financial Crises on Housing Cooperatives in Europe

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Housing Cooperatives in Europe – a solid Group

Housing Cooperatives, as far as they are organized in Coop Europe – Housing represent more than 10 Million Housing Units with nearly 30 Million People living in it. It is a solid Group with a sound financial and economic background. Coops are sustainable : not only in economic terms, but also under social and environmental aspects. Security is important in Times of Insecurity!

Values

- Housing Cooperatives are Born out of Need and they are based on:
- Self-help (United we are strong)
- Self-responsability (Independence of State)
- Democracy (Decisions with the Members)
- Equality (One Member – One Vote)
- Solidarity (Caring for the Comunity)

Ethic Values in Practice – very important in times of Crises

- Cooperatives believe in the traditions of their spiritual fathers and in their ethic values like:
- Honesty
- Openness
- Social Responsibility
- Care for other members

True with their Principles

- They are guided by their principles:
- Voluntary and open membership
- Social and Economic participation of members
- Autonomy and Independence
- Basic and advanced training as well as information
- Cooperation with other Cooperatives
- Care for the community of the cooperative

Globalisation as a threat

- Before this time of severe crises capital went around the globe to look for the most profitable investment, trusts were growing and buying big housing stocks
- Cooperatives were confronted with a hard competition at the market, but resisted against all attempts for take over
- In Reality they were strengthened, because they have been true with their principles.

Strong in their Diversification : Coop Housing in Europe

- Housing Cooperatives are guided by the same principles, but their activities can be different:
- Two thirds of the cooperative housing units are for homeownership, mainly in the southern part of Europe like Spain, Italy, France, Portugal, but also in Sweden, Norway, Ireland, Estonia
- One third of the units are long – lease contracted dwellings for the members and the Cooperative remains to be owner like in Germany, Austria, Danmark, Belgium, UK, Switzerland
- In Poland, Czech and Slovak Republic there are also mixed forms, where privatized dwellings are administered by the cooperatives

Common Characteristics within CECODHAS

- In Cecodhas there are three different sections, but all legal forms have common characteristics:
- Sustainable and not speculative housing
- Common goals for the residents
- Affordable Housing
- Good Services for the Residents

Responsability for future Generations

- Housing Cooperatives are Part of a greater Community and have a responsibility for future Generations:
- Demonstrate the Principles of sustainable Settlements in Design, Construction and Management
- Contribute to the Quality of Life of their Residents
- Use the resources in a way, that future Generations can further benefit from the advantage of cooperative housing
- Promote and Strengthen other Coops in Solidarity

Specific Position of General Interest

- There is no doubt, that Housing Cooperatives are of general Interest;
- They generally do not depend on State Subsidies
- They are serving for their members and open membership is guaranteed
- Added Value for the whole society

Housing Cooperatives – A successful Model in Times of Crises

This is the Result of our Survey in Europe

Financial and Economic Crises as a Challenge

- In some EU Member States there are indeed severe problems in accessing credit to finance the activities of housing providers
- Increase of Interest Rates
- Sharp decrease in new construction
- State budget problems
- Income decrease of jobless and part-time working force

Housing Cooperatives for Homeownership are under Economic Pressure

Homeownership dominant

There is a clear dominance of homeownership in the EU (two third)

- For families it is much harder to get adequate mortgage conditions
- New Construction Decrease in nearly all of these countries
- Modernisation of stock endangered as well, but most coops can cope with it

For example in Italy

- More difficult Access to Credit. Associations try to change the agreements with banks
- Networks are formed (with consortium or private companies)
- Merging of small cooperatives to bigger ones
- Fiscal advantages at minimum level

Consequences for building activity

- Present cycle of Production: 2008 -2010 19.000 dwellings by ANCAB
- Estimation for the future: 3.000 dwellings per year
- Taking part in urban renewal projects in main cities
- Energy retrofitting programs with fiscal incentives, but new challenges for free-hold flats
- Maintenance programs continue

Another case study: Austria

- Difficulties at the mortgage market lead to less funding by specific „Housing banks“ with favourable loans („normal mortgage“ available), bau private banks do not offer reduced interest rates (received by central bank)
- Less state subsidies for non – profit housing

Demands of non for profit housing associations and co-operatives

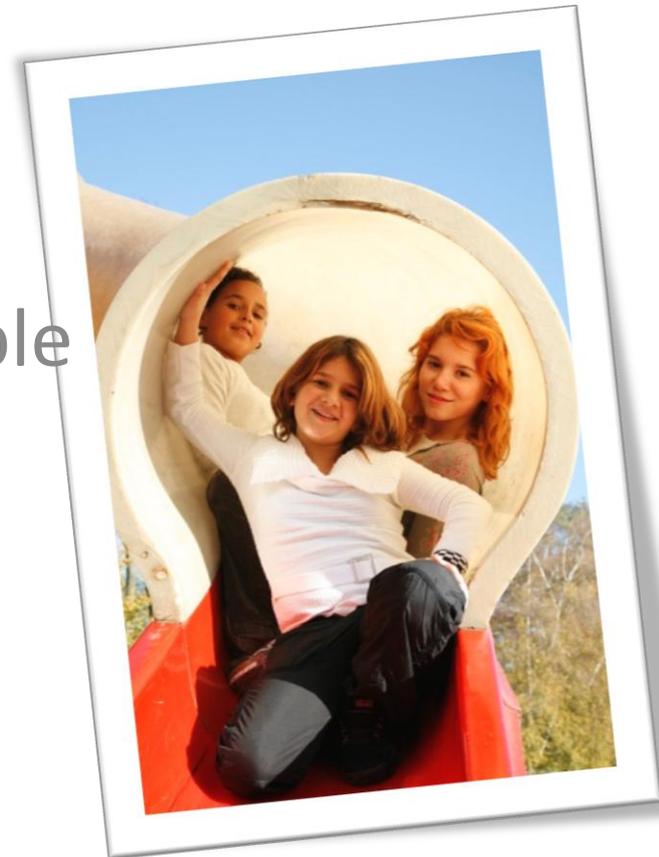
- Securing of housing loans by housing bank (but with no government reaction)
- Financing of a specific housing program in the framework of economic recovery measures
- Additional public funds for covering building costs
- A special program for the energetic modernization, already planned by the government, had been reduced.

Last not least: The german case

- Housing Cooperatives – a factor of Stability and secure living
- Big regional differences of the housing market
- Very low new construction (2007: only 5.000)
- No dramatic price increase for new construction (2008 : 4,1 %), second hand dwellings slightly decreasing
- Programs for energetic modernization by state bank (1,4 % interest rate)

Saving Institutions in combination with housing cooperatives

Strengthened as a secure and reliable
form of saving – a very positive
development



Conclusions

- Housing Cooperatives, which are dominately engaged in homeownership, are seriously affected in their new construction
- Housing Cooperatives, which are mainly engaged in rental housing are better off
- Mixed tenure has some advantages as well

Conclusions

- Combination of housing cooperatives with saving institutions have great benefits – thanks to the reliability and security of funds!



Future Perspectives

- Housing Co-operatives are economically sound and stable organisations with very good perspectives of their development in the future



Future Perspectives

- The crises has negative influence, but mainly in short term on new construction figures – rehabilitation and modernization measures will be continued in most cases without trouble – as it can be observed in the profit orientated private sector

Future Perspectives

- The rank of housing cooperatives as an attractive alternative is increasing
- Security of housing in times of economic insecurity has a very high value
- The foundation of new saving institutions of housing cooperatives could become an attractive instrument for funding

Future Perspectives

- Reduction of costs for supported housing for elderly through a solidarity fund among all coop members



Future Perspectives

- Networking at european level for a better exchange of Best Practice
- Special training for management staff and international trainees in neighbour countries
- Improvement of the financing structure and capital basis: Portfolio Management
- Use of joint saving institutions

Future Perspectives

- Social Services for Members and Integration of migrants and their children



New Publication about Best Practice

Cooperative Principles in Practice

- Cooperative Principles have to be implemented in Practice – illustrated by our booklet
- Housing cooperatives can offer excellent achievement

Concrete Case Studies

- Case studies show, what cooperatives have achieved in different european countries
- Some examples may illustrate the great diversity

Cooperatives Europe-Housing

www.cecodhas.org

