

## Foresight Future of an Ageing Population - International Case Studies

### Case Study 11: Co-operative housing for older people in Sweden

Foresight Theme: Adapting housing

‘SeniorForum: a whole concept’ provides affordable accommodation and care for older people within a co-operative housing structure on a community-wide basis within a town or village. All older people in the community can belong to the co-operative association and are therefore entitled to all the benefits of the care provided whether living in their existing home or within the residential complex. The co-operative model provides accessible and affordable accommodation not available to Swedish older people by other means.

### Context

Sweden, with a population of just over 9.6 million in 2013, is the largest economy in the Baltic region. Sweden’s birth rate is relatively high at 1.94 and the ageing of the population as a whole is minimal, with 19.9% of the population aged 65 and over in 2013 rising to 20.3% by 2020 (OECD projections).

There are over 1 million pensioner households in Sweden of which less than 40% is made up of couples. Half of all women and one third of men aged 65 and over live alone.<sup>1</sup>

Like the United Kingdom, Sweden is experiencing a severe housing shortage as a result of under-building for a number of years, a gap which has been partly filled by co-operative building projects. Between 1990 and 2012, while the number of apartments for rent has stayed steady and the number of single family houses has increased by 10% the number of *bostadsrätt* - tenant-owned (co-operative) apartments has increased by 50%.<sup>2</sup> [Figure 1]

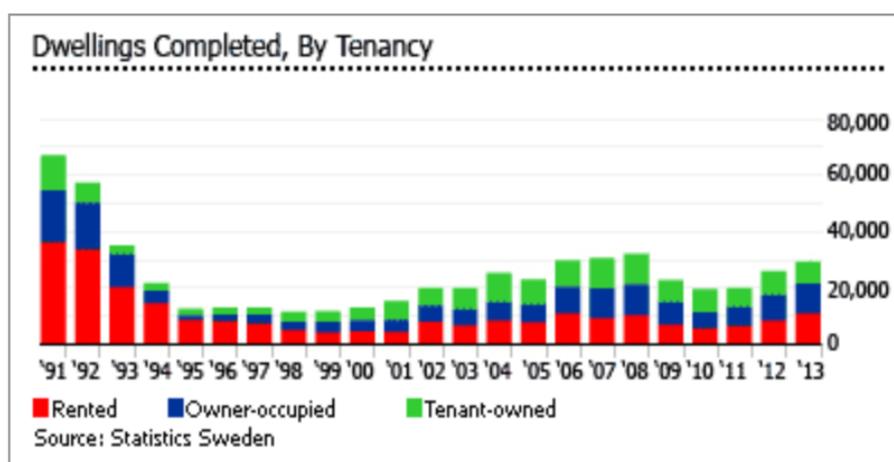


Figure 1 Note: Tenant-owned = Co-operative

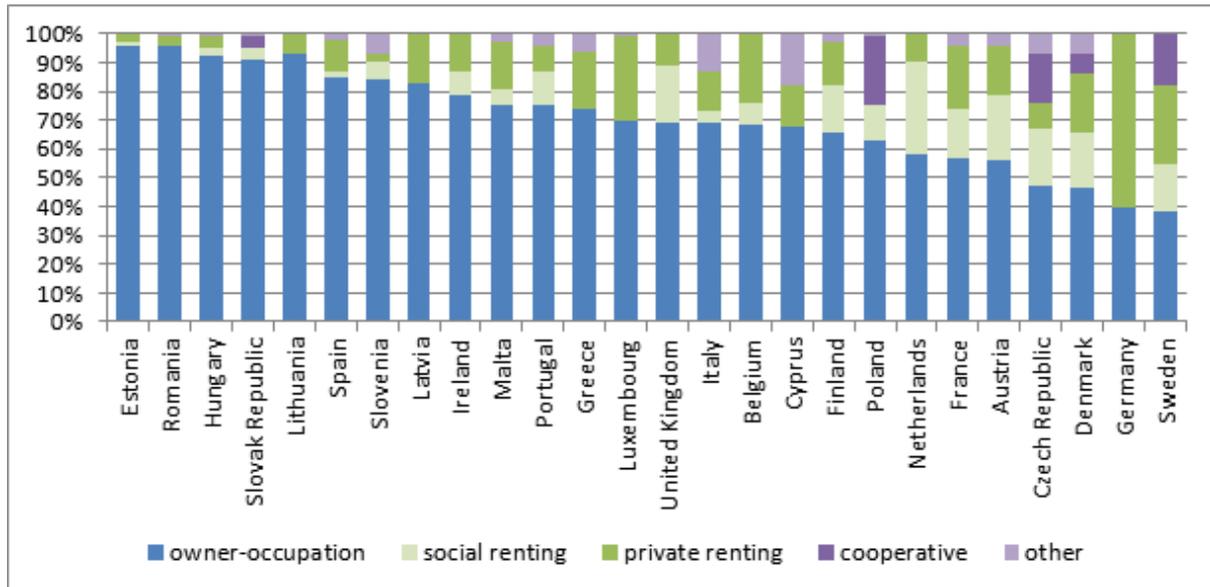
<sup>1</sup> Kärnekull K, (2009) *Senior Housing in Sweden*, Arkitektur 7

<sup>2</sup> Emanuelsson R (2015) Supply of housing in Sweden, Sveriges Riksbank Economic Review 2015:2

Sweden has a tradition of a social rather than an individual approach to many aspects of life, including housing tenure, developed under successive Social Democratic governments between 1930 and 1990. This philosophy has however been modified by the more free market approach adopted by a succession of governments from different parties, elected since then.

The co-operative housing tenure model, while virtually unused in the United Kingdom, makes up a significant proportion of housing tenures in Poland (24%), Sweden (18%) and the Czech Republic (17%). [Figure 2]

**Figure 2: Housing tenures in the European Union, 2008 or latest year available**



Source: Marietta Haffner, Hofinet

Note: 60% of housing tenure in Estonia is held through 'Apartment Associations' which may also be viewed as co-operatives.

Co-operative housing models vary in the detail of their application but essentially, under the co-operative model, an individual's accommodation is owned by the co-operative which in turn is owned and controlled by its members, including those currently living in the accommodation. An individual, living in a co-operative housing unit, has an absolute right of tenure so long as they continue to abide by the rules of the co-operative. Each member purchases a share in the co-operative which entitles them to voting rights in the management of the co-operative, which are usually equal, irrespective of the cost or value of the share. A co-operative may have mechanisms to make loans to members to purchase their shares.<sup>3</sup>

Members make a monthly payment to the co-operative to cover operating costs and the co-operative is responsible for all external maintenance and, sometimes also, maintenance within individual housing units. The co-operative can take out loans, as required, to finance initial building, maintenance and development and, although the repayment of these loans is reflected in member's monthly contributions, members are not individually liable for the debt.<sup>3</sup>

<sup>3</sup> Northcountry Co-operative Foundation and Northcountry Co-operative Development Fund (2003), Co-operative Housing Toolbox: A practical guide for co-operative success

Over the longer term, the co-operative option is usually less expensive for an individual than either renting or purchasing with a mortgage.

## History

Co-operative housing in Sweden, also known as tenant ownership, began as a response to housing shortages in the early 20<sup>th</sup> century. The two largest Swedish co-operative housing organisations, HSB and Riksbyggen, were set up at that time and together make up one half of co-operative housing in Sweden. HSB Riksförbund (HSB) was set up in 1923 by tenant organisations and Riksbyggen was established in 1945 by construction workers' unions.

Government policy at the time favoured social enterprise and made housing subsidies equally available to rental housing, co-operative housing or private ownership. The Tenant-Ownership Act (1930) and the Tenant Ownership Control Act (1942) regulated the transfer of co-operative shares and placed them 'off market'.<sup>4</sup>

In a move towards marketisation, the Tenant Ownership Control Act was abolished in 1968 leading to the ability to trade co-operative shares freely on the open market. Some argue that this makes Swedish tenant-ownership very little different from owner occupation.<sup>4</sup> In the 1990s, as part of marketisation reforms, large numbers of social housing apartments were transferred to their tenants, at 40-60% below market value<sup>5</sup>, and became tenant-owned (co-operative) units.<sup>4</sup>

This has been a factor in the growth of the number of co-operatives in Sweden [Figure 1] but is not the only one.

During that period of growth a number of housing co-operatives for older people have been developed, among them Mirum AB a limited liability company, created in 2008 to design and construct housing for older people around the 'Senior Forum' concept in a number of municipalities, including Nacka and Boo, south of Stockholm.

## Implementation

The Senior Forum concept provides affordable accommodation and care for older people within a co-operative housing structure within a town or village. All older people in the community can belong to the co-operative association and thus be entitled to all the benefits of the care provided, without necessarily living in the residential complex.

The designs for the residential complexes are all based on the Senior Forum award-winning design created at Nacka, to the south of Stockholm.

The construction cost is €1,800 - €2,400/m<sup>2</sup> (£1,400 - £1,900/m<sup>2</sup>) of living area, including 5-10 m<sup>2</sup> of communal space and is financed by Swedish credit institutions during the construction phase. Final financing is met by the co-operative association's members (25 per cent to 30 per cent) and the credit institution (70 per cent to 75 per cent).

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<sup>4</sup> Brett Christophers, (2013) *A monstrous hybrid: The political economy of housing in early twenty-first century Sweden*, New Political Economy DOI:10.1080/13563467.2012.753521

<sup>5</sup> This interpretation of 'market value' is disputed – See Lind (2015) *A monstrous hybrid: A comment on Brett Christophers' interpretation of Swedish housing policy*.

While costs are high due to the very high energy and care standards in Sweden, expenditure levels are kept more affordable by the co-operative association's members financing a part of the project themselves, often by selling their own house or apartment.



**Figure 3**

The co-operative housing association owns the residential complex with each member depositing a sum of between €25,000 (£20,000) and €40,000 (£30,000) if they live in the complex itself and €1,000 (£780) if they live in the community and wish to access the services and social facilities. These sums are returned when they leave the co-operative. These sums deposited by the older people cover approximately 25 per cent of the costs, with the remainder being raised from Swedish credit institutions by the co-operative or the municipality.

This deposit is much lower than the deposit for a normal building-society flat or for normal flat ownership in Sweden, which typically ranges from €80,000 (£60,000) to €110,000 (£85,000). The rent of €95/m<sup>2</sup> (£74/m<sup>2</sup>) is also much lower than corresponding private apartments, as the rent is negotiated with the residents' co-operative association and there is no profit element involved.

All members pay a monthly fee to cover the social activities organised. This fee includes the cost of one employee, who organises the various activities.



**Figure 4**

The Senior Forum concept is as much a social project as a place to stay. It has a variety of accommodation formats. Some co-operative members continue to live in their own homes but use the communal social facilities provided by the complex. Others live in a co-operative tenancy area [Figure 4] where the older person has their own house or apartment as part of the complex and can choose to socialise in the common parts, or not, as they wish. There is also guest accommodation if required as well as kitchen, library and other facilities.

Sheltered accommodation, which is more like apartments, is provided for those in need of a greater level of help and support [Figure 3] and there is also a care home facility for those requiring the highest levels of support.

The initial Senior Forum co-operative concept has since been transferred to other purpose-built co-operative developments, and conversions, in other municipalities in Sweden. In Åhus, Kristianstad , in an intergenerational mixed development, 'Willa Nordic ' family seaside villas, built and sold in the traditional way, are alongside Senior Forum co-operative apartments for older people developed on land adjacent to the villas.

In Glumslöv, Landskrona , Senior Forum is converting an existing farmhouse into co-operative housing for older people with 17 apartments of varying sizes. [Figure 5]



**Figure 5**

## Impact

The European-wide WelHops project recognised the housing complex at Nacka as the best of 47 older people's accommodation schemes surveyed in Europe and it was a finalist in the World Habitat Awards 2010.

The co-operative financial model was an important aspect of the project since it is recognised that the cost of providing older people's care is going to be a major problem for future generations to address. Older people in each of the municipalities served have been involved from the start of the projects to ensure that the design of the accommodation and the approach developed are appropriate to their needs and expectations. All residents are encouraged to become involved in the decision making process about their homes, from the early design stages, through to daily management and rent setting.

The financial model is designed to be sustainable without any grant funding and is claimed to be more cost-effective for the individual than purchasing an apartment in a private complex. The comparatively small deposit is repaid when the resident moves out of the complex. Rent levels are much lower than in other newly built accommodation for older people thus enabling them to maintain a greater disposable income.

The Senior Forum concept encourages older people to interact, even if they are not living in the complex, and therefore has the potential to reduce levels of loneliness and social isolation with the consequent potential long-term effects on health and wellbeing.

One of the main purposes of the Senior Forum approach is to ensure that, at the end of the day, older Swedes have the best possible accommodation and support appropriate to their needs.