

Annex 2. CITIES NEED MANY MORE COOPERATIVES

Despite all the evidence that the UK housing market is 'broken', no solution has been found. Helping young people to buy is of little real help when prices are unaffordable to those on average incomes. The real losers are key workers such as teachers and nurses who end up making excessively long and expensive commutes. The economy is also being hurt as British universities lose their appeal to young Post Grads, who find conditions abroad more appealing. Even the elderly, who have seen the values of their homes escalate, are trapped by the lack of choice, especially in places where they can walk to the shops or public transport. The causes are well known, and include the hoarding of land with planning permission as well as the lack of capacity for local authorities to fill the gaps. So what is to be done?

While it is almost inevitable that house prices rise faster than inflation in attractive and accessible locations, one of the roles of local authorities should be to keep neighbourhoods in balance, as happens in some of the most successful European cities:

- In **Vienna**, recognised in surveys as one of the best places to live and work, the local authority has long seen its role as keeping the cost of housing down by developing sites redundant land around stations or at former airfields for a mix of housing. As anyone can rent from the local authority their large stock keeps private rents down.
- In **Zurich**, with strong international demand, the local authority is committed to increasing the proportion of affordable homes from 25% to a third as a result of a referendum, and people. Home seekers can register and save with a coop, and new housing draws on their reserves and experience. Affordable housing is based on cost not market values.
- In **Copenhagen**, one of the world's happiest cities, many live in Co-housing, sharing some of the facilities such as spare rooms and laundries as well as gardens. The new town of Orestad on the edge of Copenhagen is on a new metro line funded out of land value uplift

Housing coops in Zurich

An exceptionally high-quality public transit system, with frequent trams, makes it unnecessary to use a car. Housing is generally mid-rise around streets not towers. Most people live in rented apartments, with Switzerland having one of the lowest rates of owner occupation. Demographic change, an aging, but increasingly mobile and independent older population, more single households, patchwork families and a more diverse urban population are key drivers for innovation in housing, such as cluster flats.

The City's policy following a referendum is that a third of housing should be affordable or 'Cost-Price' and over time coops are some 20-30% cheaper than private rented flats (which helps as people become older). As well as reusing old buildings, there is a commitment to cut energy use, most of which is from renewable sources, especially water. For example, the housing coop *Mehr Auf Wohnen*, which means More Than Housing used spare heat from a nearby bank of computer servers or data hub, and restricts people owning cars.

The housing cooperatives have used local architects and extensive consultations to create distinctive places to live and work that are future-oriented. The shops that occupy the ground floors provide services like laundrettes used by the residents. Coops are supported by City Council policies for the provision of sites, and a commitment to increase the proportion from a quarter to a third of all housing.

In the UK housing shortages have led to polarised cities and rising levels of inequality, as housing accounts for the majority of most people's private wealth. But the consequences for wellbeing and economic growth mean that if the housing 'crisis' could be resolved many of Britain's other problems would be lessened. While there are occasional examples of cooperative living in the UK, for example the *Homes For Change/Work for Change* development in Hulme, Manchester, they tend to be exceptional and not considered mainstream. It is therefore time to appreciate the benefits that a thriving cooperative sector could bring, and to take the steps to bring it into being.

The benefits cooperatives can bring have been brought out in research for organisations like Cooperatives UK, www.uk.coop and include

- Taking care of ongoing management and maintenance so that properties retain their value
- Enabling residents to feel as sense of ownership and control over their living space
- Catering for a wider range of demands than either private or social housing
- Avoiding the insecure and sometimes poor management of private landlords
- Reducing the need for privately owned cars and other equipment and thus raising living standards.

In essence cooperatives help tap and build up the **social capital** that successful and sustainable places enjoy. The results are clearly visible from visits to innovative developments such as **Mehr Auf Wohnen** in Zurich or **Marmalade Lane** in Cambridge. The process should not require exceptional people, and is clearly set out their publications, which can be obtained in English. So rather than seeing coops as a form of 'hippy commune' or a threat to either Conservative or Socialist principles, we should appreciate the great contribution they could play in making our towns and cities work much better. So the question should be how can the process of setting up a housing coop be made much easier?

There is much could be done even within present financial systems. Coops can spring out of housing associations, taking advantage of their skills and experience in housing development. Local authorities with large scale housing development opportunities could reserve a proportion of the site for coops and other experimental initiatives. House builders required to provide 'affordable housing' could recognise that a coop with 20-30 units would create a better sense of community than simply building a community centre, and be used to pioneer new energy and other solutions. Voluntary associations catering for groups with special needs, such as the elderly or those leaving hospital, could promote coops as a contemporary form of 'alms house'. The Community Land Trust movement could widen its appeal by embracing coops, with the ultimate aim of ensuring that a fifth of homes in major new developments have management systems that are responsible to the occupants.

A radical housing policy would go further. Proposals for how land for housing can be mobilised, drawing on French and other experience were set out in a report commissioned by the GLA from URBED with legal advice from Dentons and property advice from Gerald Eve. A report on lessons from German and Dutch practice was commissioned by John Healey, MP when he was Shadow Housing Minister. At the same time reports from leading Conservatives such as Sir Oliver Letwin and Richard Bacon MP have drawn similar conclusions from their own visits to European model housing developments such as in Freiburg.

To make the process of change easier to implement, consideration should be given to five proposals:

1. Identifying suitable locations in designated 'growth areas' where house prices outstrip average incomes by more than ten to one.
2. Setting planning briefs and design codes that ensure suitable sites are put forward, say of one acre in a site allocated for more than 200 homes, which would be enough to set up a viable coop but not so much as to threaten the schemes's overall viability. This could form part of a larger site awarded to a Community Land Trust.
3. Working with established building societies with 'mutual principles' such as the Nationwide and the Coventry to make group mortgages available to those who save with them.
4. Selecting established housing associations to support coops in developing new sites or taking over and refurbishing existing buildings.

5. Researching into and testing out a system like that used in Sweden, for example, where residents build up some equity in a block after borrowing the capital, which is then repaid when they move based on the value at the time. A proportion like 10% or £20,000 may be enough.

In conclusion, by making coops part of a much wider set of proposals for rebuilding and 'levelling up' Britain, a whole largely untapped force could be unleashed which would help heal our fractured society and weakened economy, and use the power of cities to rebalance a divided UK. If these proposals were to form part of wider reform of the planning system the following four recommendations should be taken seriously, based on what has been shown to work in Germany and the Netherlands, so as to get wide enough support and overcome potential criticisms:

1. To adopt a system that is straightforward and transparent, and hence minimises the time and expense of arguments (and the failings of previous attempts at land reform)
2. To focus on the relatively few areas where public investment is being made and major development is needed (and hence minimise the number of objections)
3. To confine the new approach to bodies that are given a democratic mandate, such as development corporations set up by combined authorities, county councils or elected Mayors, supported by approved spatial plans or development frameworks
4. To apply the values of social justice or equitability, along with policies that enhance natural capital and support good economic growth or the minimisation of waste so that best value is secured from development.¹

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¹ Nicholas Falk, Land For Housing: Sharing the uplift in land values from growth and regeneration, URBED Trust, 2019