

Housing Co-operatives: How Successful are They?

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Probably the most basic question one can ask oneself about co-operatives is "Why am I interested or involved in them?" The answer would almost certainly come in the form "Because I think they are (or could be) successful when compared with other types of human organisation".

One then has quickly to ask what one means by success, and this answer may come in at least three distinct types:

- first, that co-operatives are more cost-beneficial or cost-effective by external criteria of professional standards and economic efficiency;
- secondly, that they meet the needs and preferences of their members better than would other methods; and
- thirdly, that they have significance for one's vision of what kind of society we ought to be striving for. In particular co-operators will want to measure the extent to which housing co-operatives live up to co-operative principles.

To measure success in each of these ways requires different methods, and naturally achieves different results.

Professional Standards and Economic Efficiency

First, how successful are housing co-operatives when compared with the housing management standards of the professionals?

Many managers of council and housing association estates face a real crisis, marked by rent arrears, vandalism, difficulty in letting 'voids', a backlog of maintenance work, and bad relations with tenants. The causes are variously: a) bad design of schemes, with resultant alienation of tenants, lack of facilities, and vandalism; b) serious design faults in the dwellings, with resultant chronic maintenance problems (leading increasingly to abandonment of whole estates first by the tenants and then by the owners); c) a continual stop-go crisis in funding for publicly subsidised housing; d) deepening poverty among tenants; and e) (partly as cause, partly as effect) bureaucratic inefficiency, insensitiveness and that defensiveness which comes from a mixture of guilt, frustration, and the disappointment of what was an aspiring 'profession'.

In 1975, the Campbell Report (Department of the Environment, 1975) suggested that provided the managers are not allowed simply to off-load their problems, co-operatives could help to solve this crisis, a view confirmed by a monitoring exercise (Downey et al., 1982) of tenant management co-operatives. My own study of six co-operatives (two non-equity, two tenant management, and two co-ownerships)¹ illustrates some typical successes.

a) and b) On design, building, repair and improvement of dwellings.

The St Andrew Street Co-operative, a non-equity co-operative in Beverley, East Yorkshire^a had renovated a street which had been threatened with demolition, and blended it superbly with the nearby Minster, while the Speirs Management Co-operative in Glasgow had just

finished the major repair of a street of walk-up tenements, extracting the maximum value from the amalgamation of individual tenants' grants. Two new-build co-operatives, at Bridgeton in Glasgow and Seghill in Northumberland^b were formed after design work was nearly complete, but their influence on site was enormous. Seghill was faced with mining subsidence and design faults, which were solved through pressure on those responsible, while at Bridgeton the co-operative threatened to dissolve itself unless building work was completed properly by the sponsoring housing association.

Two co-ownerships were most disadvantaged. As was quite typical with the older co-ownerships, the Abbeyvale Society^c at Macclesfield had been built by an unscrupulous set of 'professionals' who were only interested in making a profit, and had to fight a long battle for compensation for design faults and bad workmanship which had almost bankrupted the society and which, if they had not won, would have meant demolition of three blocks of flats. In contrast, the Glenkerry Co-op^d in the East End of London was formed to take on a tower block which otherwise would have presented serious management problems, and has proved a model for improvements to other similar blocks.

All six co-operatives have prevented vandalism, and encouraged a caring attitude among members, most prominently at Seghill and Speirs, where communal gardens are cared for voluntarily. It is hard for co-operatives to provide facilities for their members because, unlike the Scandinavian co-operatives, they cannot easily obtain funding. However, by combining family housing with sheltered flats for the elderly, St Andrew's (Seghill) is able to provide a communal room for members, and Speirs is the local driving force in promoting a community centre.

On maintenance, all six co-operatives are able to offer local offices or repairs co-ordinators, and a response time of at most a few days for repairs, using local contractors, or at Seghill, volunteers among those members who have a trade. Members who have experienced local authority direct labour repair work in the past universally regard it as appalling, both in timing and in quality. Also, in either owning or managing their homes collectively, members feel they have more incentive to do improvements themselves.

c) On state funding of public housing

There is not much that co-operatives can do about funding, locked as they are into the wider constraints of public housing subsidy systems. But they can guarantee value for money, and though not allowed to give a dividend in cash or in rent rebates, they are able to produce a surplus from management and maintenance allowances.

In only a few years of 'trading' all but one co-operative studied had built up significant surpluses, most of which had to be set aside for future cyclical maintenance and repairs, but some of which had been spent on improvements. Bridgeton had provided new, improved front doors, and had replaced several faulty boilers; Speirs had provided gardening equipment and was saving for security doors for each close; Seghill was planning to install extra radiators and double glazing; Abbeyvale was upgrading a car park and doing environmental works; and Glenkerry, in defiance of the no-dividend ruling, had for two years running given large service charge rebates.

d) On the problem of poverty

This is similarly intractable, but there is scope for the establishment of worker co-operatives (as at Hunslet Housing Co-operative, Leeds) and collective facilities (such as drying rooms at Glenkerry House, gardening equipment at Speirs) which may alleviate it. Rent arrears were almost unheard of in the nonequity co-operatives studied, such was the power of collective opinion and the sense of collective responsibility.

The management co-operatives in Glasgow have declined to become involved in what could be a divisive issue, but English management co-operatives have successfully collected rents for the council, and received financial benefits in return.

e) On bad landlord-tenant relations

All six co-operatives were comparatively efficient, had provided sensitive local management and had transcended the landlord-tenant relationship, though in those co-operatives which had formed out of an existing tenantry (Speirs and St Andrew's) a few members still regarded the co-operative as a landlord.

If co-operatives are so successful, why then is it that housing managers are not co-operating their own housing stock en masse? One reason is that tenants are not always sufficiently confident to take on the complex decision-making and managerial tasks required. Another is that initial funding for co-operatives, in terms of the professionals' time and the need for specialist community and co-operative development work, is comparatively expensive.

But the main reasons are clear: housing professionals do not wish to diffuse among (mainly working class) amateurs a set of skills on which their claim to professionalisation is based, nor do the under-managers wish to exchange bureaucratic power for accountability to consumers (though those managers whom I met who worked for co-operatives, expressed great job satisfaction). In the face of criticism from consumers, housing departments are opting for an alternative in which they can keep control; decentralised housing management.

Meeting the Needs of Members

It looks then as if the main impetus in the development of housing co-operatives is to come from consumers, so that it becomes important to know how they define success, and how satisfied they are with their co-operatives.

Some statistics from my six case studies might be useful. For example, there is a generally high level of satisfaction. When asked how well they thought the co-operative was run, 41 per cent were very satisfied, 52 per cent quite satisfied, and 7 per cent quite dissatisfied, and when asked about their accommodation 73 per cent were very satisfied, 26 per cent quite satisfied and only one person quite dissatisfied.² Unfortunately, comparisons were made between co-operatives rather than with alternative forms of housing, but when asked whether under any circumstances they would prefer council housing only 10 per cent said "Yes", because they wanted different sized accommodation or to live in a better area.

More specifically, when asked how well their co-operative does manage, 34 per cent said very well, 52 per cent quite well and 14 per cent quite badly. When asked how well it does maintenance, 47 per cent said very well, 43 per cent quite well, 2 per cent badly and 8 per cent very badly; a minority in all co-operatives had been disappointed, usually over a specific repair item.

Advantages?

In particular, when asked what were the advantages of living in a co-operative, answers fell roughly into the following order (questions were post-coded, and more than one answer was possible per interviewee; figures are based on the total number of answers):

- 27 per cent of answers expressed the sense of community that the co-operative meant social life, community spirit, care for people at risk, or a small, close knit community;
- 19 per cent of answers expressed satisfaction with the environment. that the co-operative gave control over the estate, kept it better;
- 17 per cent mentioned the sense of mutuality, co-operation, participation or knowing what was going on;
- 11 per cent were expressive of satisfaction with the upkeep of the dwellings or with repairs; and
- 8 per cent mentioned control over finances, the use of surplus or comparatively low rents.

Particular co-operatives had particular advantages. The St Andrew's members were pleased to have saved their community from the bulldozer, and the Glenkerry tower-block dwellers appreciated the security, cleanliness of the building provided by their popular co-operative manager, and the way in which this equity-sharing co-operative gave them a chance to own a stake in housing which they could afford.

The distinctions are not hard and fast; control over selection of their neighbours gave greater chance of community, greater control over the environment, higher levels of co-operation, and so on.

And disadvantages?

What then are the disadvantages? For most people there simply were none, but in the most community-minded co-operatives a few people mentioned a certain lack of privacy, particularly if they were to fall into arrears of rent. At Seghill there was a particular disagreement over restrictions on home improvements; there are trade-offs to be made between community and privacy, concern for the standard of collective housing and individual freedom to remake the home, and so on.

Within this general picture there were large differences in both the expectations of members and the degree of success in meeting them. In some co-operatives, members have an instrumental approach, and are content to aim at a high level of management, while in others they demand strong co-operative commitment and a sense of community. One thing is certain though, that most co-operatives seem to provide roughly what their members want, and so can be called a success.

Living Up to Co-operative Principles

Lastly, do they live up to co-operative principles? Let us summarise these as: a) open and voluntary membership; b) democratic control by members; c) principles dealing with the economic results, including use of surplus, safeguards against sale of assets for profit, and limited interest on share capital; d) education of members in co-operative principles and practices; e) co-operation between co-operatives; and f) purity of goods produced.

a) Open and voluntary membership

Despite the initial fears of housing managers and local councillors that co-operatives would be partial to 'good' tenants or to particular racial or political groupings, co-operatives have generally kept their waiting lists as open as possible. At Speirs the majority insist on housing potential 'problem families' in spite of minority criticism and existing problems of order on the street. At St Andrew Street a deliberate policy of housing ex-residents is justified on the grounds of needing to rebuild a community dispersed by council policies, while at Seghill relatives of members seem to be housed easily, but only because of a lack of demand in that particular area.

The co-ownerships are open in a different way, to anyone able to fulfil minimum earnings criteria. So here, need is sacrificed to financial viability.

In general, co-operatives have to restrict membership to those who will make good co-operators, and when they do not, a discernible drop in participation results. On the other side of this principle, voluntary membership, particular problems are encountered in co-operatives (such as St Andrew's and Speirs) where existing tenants are expected to become members; those who do not want to, can be treated either as tenants of the co-operative, or tacitly as members if no share purchase is required. Similarly, (but more rarely) members who are expelled from a co-operative would also become tenants.

Finally, open membership and voluntary membership are, to some extent, incompatible, and both cannot be maximised at once. The greater the housing need of prospective members, the

greater the pressure on them to declare an interest in co-operation which they have no intention of keeping up.

b) Democratic control

Compared with other co-operatives, housing co-operatives sustain a very high level of member participation, and are refreshingly free from oligarchical control and domination by professionals.

c) The economic results of co-operation

Lack of understanding of co-operative principles has led funding agencies to deny the right to distribute a dividend, but surpluses are made, and partly spent on collective improvements.

The 1980 Housing Act allowed co-operatives the right to sell their societies to the members, and this has led to the wind-up and sale of most co-ownership societies, but fortunately non-equity co-operatives have, for the moment, decided not to sell. As inflation and the progressive payment of their mortgages make sale more attractive in the future though, they could also eventually be under threat of dissolution. Management co-operatives do not of course own their property, but members are not excluded from the general right of tenants to buy council homes.

The principle of limited interest on capital has been breached in co-ownerships and in the equity-sharing co-operative studied (Glenkerry House), since co-owners can make gains based to some extent on market prices of housing. Just as the lack of collective ownership has led some commentators to question whether management co-operatives are really co-operatives, the intrusion of individual stakes into co-ownerships has led to their being denied co-operative status (for such a narrow definition of co-operatives, and arguments for it, see Hands, 1975).

d) Co-operative education

All the co-operatives studied, except Abbeyvale the old-established co-ownership, have had more or less extensive, more or less formal education in co-operative principles and practices provided by their sponsors. In those co-operatives where an existing tenantry remains to be convinced of the value of the co-operative (Speirs, St Andrew's), and in those with a high turnover of members (Glenkerry, Abbeyvale) the process has to be continuous.

What is missing is a knowledge of the wider context of a world-wide co-operative movement; most members do not recognise their debt to Rochdale and the consumer movement.

e) Co-operation with other co-operatives

Recently, and after one unsuccessful attempt before there were enough co-operatives interested in sustaining it, a National Federation of Housing Co-operatives has been formed with a structure based on regional federations; it is still in an embryonic and fragile state, but looks set to survive. Unfortunately, housing co-operatives lack contact with and support from the established consumer co-operative movement, though the new worker co-operative development agencies have included them in their sphere of interest.

f) Purity of goods

On this principle, the case studies mentioned demonstrate that in this area supremely the housing co-operatives are living up to co-operative principles, providing decent housing owned and controlled co-operatively by the occupiers. Perhaps it is up to the old-established consumer co-operative movement to help ensure success in those principles in which housing co-operatives are deficient. In so doing, it would also be living up to that fundamental principle, co-operation between co-operatives.

Notes Provided by Author

1. In non-equity co-operatives, members hold a nominal share and the property is owned collectively. In tenant management co-operatives, members manage but do not own the property. Generally in co-ownerships members have some share in the equity, which under a complicated formula yields a premium when they leave.
2. Figures relate to total of 160 interviews with members of 6 co-operatives; 'Don't knows' are excluded.

References

- Department of the Environment (1975). *Final Report of the Working Party on Housing Co-operatives*. HMSO.
- Downey, P., Matthews, A., & Mason, S. (1982). *Management co-operatives — Tenant responsibility in practice*. HMSO.
- Hands, J. (1975). *Housing Co-operatives*. Society for Co-operative Dwellings. London 1975.^e

Additional Notes

- a. St Andrew Housing Co-operative was set up in 1977, and is a registered co-operative society.
- b. For information about social housing and housing co-operatives in Glasgow, see for example Thenuue Housing, a registered society under the Co-operatives and Community Benefit Societies Act, 2014 — <https://www.thenuuehousing.co.uk/>. For social housing in Seghill, Northumberland — see Bomarsund Housing Co-operative — <https://bomarsundco-op.co.uk/>
- c. Abbeyvale Housing Society was a registered society set up in 1971; it deregistered in 1991.
- d. See Glenkerry Co-operative Housing Association — <https://www.glenkerry.org.uk/>
- e. Reprinted in 2016, by Castleton Publishers.