



An Ghníomhaireacht  
Tithíochta  
The Housing Agency

# Housing Agency Essay Prize Winner 2024

**Housing Co-operative 2.0: how could a co-operative housing model work in the modern Irish housing landscape?**

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## **The Housing Agency Essay Prize 2024**

The Housing Agency Essay Prize is awarded for the most original student essay submitted for assessment as part of the Institute of Public Administration's Professional Diploma in Housing Studies.

In order to be considered for the 2024 Prize, essays must have been submitted during the 2023/2024 academic year and awarded first-class honours and a distinction. The jury assessed the essays on the basis of their academic originality, research capacity, and engagement with public policy.

The views expressed in this document are those of the author and do not necessarily represent those of The Housing Agency.

# Table of Contents

Introduction	1
Housing Co-operatives	3
History of the housing co-operative movement in Ireland	3
What is a housing co-operative?	4
Community Land Trusts (CLTs)	5
Co-operative legislation	6
Benefits of housing co-operatives	7
Barriers and challenges in an Irish housing context	8
Housing Co-operatives in other regions	10
Switzerland	11
Austria	12
Germany	14
How could a housing co-operative work sustainably in Ireland?	16
Proposals and Recommendations	16
1. Policy & Legislation	16
2. Funding & Financing	16
3. Political and Societal Support for Co-operatives	17
Conclusion	18
Bibliography	19

# Introduction

*“The greatest country, the richest country, is not that which has the most capitalists, monopolists, immense grabbings, vast fortunes, with its sad, sad soil of extreme, degrading, damning poverty, but the land in which there are the most homesteads, freeholds — where wealth does not show such contrasts high and low, where all men have enough — a modest living— and no man is made possessor beyond the sane and beautiful necessities.”*

*Walt Whitman (1819-1892)*

This powerful quote from Walt Whitman’s ‘Morality and Money’ captures the impact of inequality and hoarding of resources by a few to the detriment of the many. He believed in the power of democracy and that it should permeate all aspects of life such as politics, art, culture, and speech. While Whitman did not label himself a socialist, he celebrated community and solidarity in comradeship, and the redistribution of resources so that there is enough for all. Much like Whitman’s writings, the co-operative movement is based on the values of democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, cultural needs and aspirations through a jointly owned and democratically controlled enterprise. A sharing of common resources for the benefit of many, with each member having an equal say.

A co-operative housing model will not solve the current housing crisis and the deep infrastructural deficiencies within this system; however, it could be utilised to provide another housing option to alleviate some of the pressures related to supply and affordability. A different approach to the current binary model of private or social housing. Perhaps a reinvention of the housing co-operative model could also pave the way for other community led housing enterprises, and an innovative solution to an unrelenting crisis of a lack of affordable supply that is alarmingly becoming the norm in Ireland.

This alternative housing delivery model, or ‘Third Arm’, as the housing co-operative model was labelled in the 1970s due to the number of homes it was providing, has a long history in Ireland, and the historical context to this movement will be discussed in this essay. This review is important for two reasons: (1) to learn from the past, and how it has led to the current landscape for the housing co-operative model in modern day Ireland and (2) to convey how the co-operative movement has been a part of Irish culture and identity, which is somewhat anathema to the current individualistic housing delivery model in Ireland.

This essay will also examine and discuss how other countries across the globe are currently delivering this model, and the key drivers and enablers to the development and roll out of a co-operative housing model in modern day housing systems and infrastructures.

While policy in one country or region may not always readily transpose to an entirely different country and context, by investigating the mechanisms in place in these different regions, looking under the bonnet of the car so to speak, perhaps there are ideas that, with tweaks, could be applicable to the Irish housing system. By understanding the Irish past and global

housing co-operative projects, recommendations can be developed, and this will form the basis for the last part of this essay.

# Housing Co-operatives

## History of the housing co-operative movement in Ireland

Co-operatives have a rich history in Ireland, dating back to 1831, with Ralahine in County Clare. This was followed by the 'meitheal' tradition of community building, the Building Societies of the late 19th century, and more recently, the Public Utility Societies which operated in Ireland until the 1970s. The Public Utility Societies received grants and subsidies from the State with about one-sixth of the house-building costs being funded in this way for co-operative type housing.<sup>1</sup> From the 1950s to the 1980s, in what could be termed the halcyon days of the housing co-operative movement in Ireland, it was heavily subsidised by the Irish State through the provision of local authority loans and low-cost sites.

By 1973 the National Association of Building Co-operatives (NABCo) was set up to represent co-operative housing nationally. And typically, a co-operative housing scheme during this period focused on home ownership and involved between 8-20 homes. Co-operative homes made up roughly 5% of social housing delivery in the 60s and 70s. Co-ops were even termed the "Third Arm" of Irish housing, alongside local authorities, and private developers

In the 1970s, the majority of housing co-operative schemes were mainly comprised of families on incomes lower than 7,000 pounds per annum, and these schemes were to bridge the supply gap between the social and private market, as there was long waiting lists for local authority homes, with some families having to wait until they had three or more children before being considered eligible for social housing support.<sup>2</sup>

While self-help is a major crux of the co-operative movement, co-operative housing has nearly always worked in partnership with State support in the form of grants and subsidies as discussed in the previous paragraphs. This is evidence that this kind of housing delivery model needs the support of the State to function effectively, with relevant housing policy and legislation to enable an effective co-operative housing model.

During the 1980s a key piece of legislation was introduced, the Housing Finance Agency Bill, which may have also served the Irish co-operative housing model. This legislation provided the statutory framework for the Housing Finance Agency (HFA), which was to raise additional finance for housing mortgages on a self-financing basis.<sup>3</sup> It was intended that in its first year the HFA would raise some £25 million to £50 million for these mortgages by selling State-guaranteed bonds, linked to the rate of inflation, and having a small rate of return. The criteria for this scheme was that a first-time purchaser of a new or an existing house, with an annual gross income of up to £9,000 may have applied for an ordinary loan of up to £22,500, going up to £27,000 in special cases. The amount of the loan must not have exceeded three times the borrower's annual gross income and 90% of the net value of the house. Another advantage

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<sup>1</sup> The Irish Times (2019) *A century of housing: How the State built Ireland's homes*. Available at: <https://www.irishtimes.com/news/social-affairs/a-century-of-housing-how-the-state-built-ireland-s-homes-1.3785939> (Accessed: 4<sup>th</sup> April 2024).

<sup>2</sup> Bank of Ireland Centre for Co-operative Studies (1982) *Co-operative Housing in Ireland*.

<sup>3</sup> Dail Debates (1981) *Housing Finance Agency Bill, 1981: Second Stage*. Available at: <https://www.oireachtas.ie/en/debates/debate/dail/1981-12-16/5/> (Accessed 17<sup>th</sup> April 2024).

to this State backed loan was that an individual purchaser could apply for the loan and two incomes were not necessary.

However, two other major housing policy issues that emerged in the late 70s and 80s marked the start of the downfall of co-operative housing, and these HFA loans, while innovative, were not enough to change the tide. Local authorities lost a major income stream with the abolition of property rates and secondly there was a sharp rise in house prices during this time period and local authority loans did not cover these higher construction costs.

Alongside these policy changes and increasing construction costs, prevailing home ownership attitudes, perhaps emboldened by the individualistic neo-liberal ideology of the 1980s and 1990s, influenced demand with a more binary housing development system emerging, that of the private development sector and social housing for those households on lower incomes.

From the 1980s onwards NABCo went down the route of providing cost rental affordable housing, and eventually social housing through the CAS scheme. The self-help element of the co-operative movement was severely diluted to prioritise those on the social housing waiting list, which remains the system that is in place to the present day.

According to Co-operative Housing International<sup>4</sup> there are 14,000 people living in co-operative housing in Ireland. These homes comprise 2,100 rental units and 3,500 equity-sharing ownership units for a total of 5,600 units plus 100 shared ownership units. While these figures are not the most up-to-date, due to the decline of the co-operative housing movement, it is difficult to source this information, with no option for this as a housing tenure type in the latest census data. The Registry of Friendly Societies (RFS) is responsible for registration of new co-operatives in Ireland, and in their 2022 Annual Report<sup>5</sup> there were 43 registered Housing (Public Utility Societies) in Ireland.

## **What is a housing co-operative?**

A co-operative is defined as an autonomous association of people united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. They are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity.

In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

A housing co-operative can offer an alternative to buying, renting, or social housing, if the individual/ household does not meet the criteria for this last tenure. There are different models of housing co-operatives, explained below:

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<sup>4</sup> Co-operative Housing International (2020) Ireland Housing Co-operative Statistics. Available at: <https://www.housinginternational.coop/co-ops/ireland/> (Accessed: 15<sup>th</sup> April 2024).

<sup>5</sup> Registrar of Friendly Societies (2023) Registrar of Friendly Societies Annual Report 2022. Available at: <https://rfs.gov.ie/wp-content/uploads/sites/3/2024/04/2022-RFS-Annual-Report.pdf> (Accessed: 12<sup>th</sup> April 2024).

1. *Home-ownership co-operatives* help members who have the financial capacity to do so to build or buy their own homes. This model helps members to part-purchase their own homes, while a portion of the interest in the property remains owned by the co-operative. There is no landlord and there are no tenants. Each buyer takes out a loan to buy into the co-op partnership, they are therefore a shareholder in the co-op, but do not own the home. However, as there is no current provision in Ireland for this kind of loan, it remains one of the biggest barriers to implementing this kind of housing co-op model.
2. *Co-ownership co-operatives* allow for members who live in apartment blocks or townhouses with shared common areas or facilities, to organise the management and maintenance of those areas.
3. *Mixed tenure co-operatives* are usually larger housing co-operatives where it has been possible to provide a mix of rental and ownership types across the development.

What binds these different housing co-operative models is the concept of pooling resources and working together to provide quality, affordable housing.

## Community Land Trusts (CLTs)

Adjacent to the co-operative movement is that of the Community Land Trust (CLT) and is worth mentioning here as the two are closely related and CLTs can be used as a mechanism in which to develop a co-operative housing model.

CLTs are non-profit, democratic, community-led organisations. They develop and manage homes that are affordable to lower- and median-income households, as well as other assets that contribute to thriving local communities. They act as long-term stewards of these assets, ensuring they remain permanently affordable. This is achieved through mechanisms that ensure that any additional value generated is retained within the CLT.

While the CLT will remain the permanent owner of the land, CLT homeowners all have rights connected to ownership, but accept the specific conditions of occupation and of transfer to guarantee that the housing is permanently accessible for the public. Resale is possible, but at a capped price so that housing remains affordable generation after generation.<sup>6</sup>

In Ireland, community land trusts as well as housing co-operatives are recognised as a potential provider of affordable housing under the Affordable Housing Act 2021. However, this has yet to be operationalised into practice, and specific budget allocation and a commitment to developing this system as a mainstream option – or pilot programmes – for housing supply and urban renewal needs to be seriously considered.

### *Provision of dwellings by housing authorities*

6. (1) *A housing authority may make dwellings available for the purpose of sale to eligible applicants under affordable dwelling purchase arrangements and may, in accordance with the Housing Acts and regulations made under any of those Acts,*

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<sup>6</sup> Self Organised Architecture (2020) SOA & Community Land Trusts. Available at: <https://soa.ie/shicc/#:~:text=CLTs%20are%20non%2Dprofit%2C%20democratic,contribute%20to%20thriving%20local%20communities.>



*acquire, build or cause to be built, or otherwise provide or facilitate the provision of, dwellings for that purpose.*

*(2) A housing authority may, for the purposes of subsection (1), enter into —*

*(a) arrangements with an approved housing body,*

*(b) arrangements with a community-led housing organisation, a housing co-operative, or a community land trust,*

*(c) arrangements with the Land Development Agency, and*

*(d) public private partnership arrangements.<sup>7</sup>*

The CLT model is a solid base for developing new social housing models that can respond to the need for affordable housing, as well as to social challenges such as aging population, gentrification, demand for informal care, or vulnerable communities.

This model is being strongly promoted in Belgium with the Brussels Capital Region's Housing Emergency Plan stating that mainstream affordable housing providers should start to apply mechanisms to create permanent affordability inspired by the CLT model. In March 2021, the Brussels government passed legislation to allow the recognition of CLTs under Belgian law.

At the wider European level, the EU Urban Agenda on Housing now recognises CLTs as best practice,<sup>8</sup> while the European Parliament Report on Housing for All calls on the EU and members states to support CLTs.

However, if this model is to be operationalised within an Irish context, freeholding and lease holding legislation will need amending, as tenants can buy the freehold of their home if they wish to do so. In 1978, the government introduced the statutory ground rents purchase scheme. This is facilitated by the Property Registration Authority (PRAI) and provides a route for those who purchased properties on a leasehold basis (after 1978) to get the ownership converted to freehold should they wish to do so.

## **Co-operative legislation**

Co-operatives in Ireland have traditionally sought legal incorporation and registration with limited liability status under Industrial and Provident Societies Act 1893 – 1978,<sup>9</sup> as administered by the Registrar of Friendly Societies. Although these Acts do not specifically recognise co-operatives and do allow for the registration of other types of societies, the use of standard model Rules, approved by the Registrar, as issued by Co-operative Housing Ireland,

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<sup>7</sup> Irish Statute Book (2021) Affordable Housing Act 2021. Available at: <https://www.irishstatutebook.ie/eli/2021/act/25/enacted/en/pdf>

<sup>8</sup> Interreg North-West Europe (2020) Towards stronger EU support for Community Land Trusts. Available at: [https://vb.nweurope.eu/media/12294/shicc\\_eu-policy-conference\\_policy-paper.pdf](https://vb.nweurope.eu/media/12294/shicc_eu-policy-conference_policy-paper.pdf) (Accessed: 18<sup>th</sup> April 2024).

<sup>9</sup> Irish Statute Book. Industrial and Provident Societies Act, 1893. Available at: <https://www.irishstatutebook.ie/eli/1893/act/39/enacted/en/print.html>.

has enabled the registration of societies which are formed and managed in accordance with the *co-operative principles*. Provisions exist in the housing legislation for the issue of *approved status* to housing bodies which have a not-for-profit legal constitution and objects concerned with the relief of housing needs and the provision and management of housing. Approved Housing Bodies (AHBs) may apply for assistance under the terms of the Department of Housing, Local Government and Heritage's (DHLGH) funding schemes as administered by the local authorities.

Co-operative housing societies must also comply with all legislation and regulations related to the conduct of their business and activities, including laws relating to employment, safety, building regulations and housing standards, tenancies etc.

As far as modern Irish co-operatives operate, the benefits of this legislation are not all that helpful if other related policies and schemes are not supportive, in particular the funding and financial systems for housing provision, which are quite restrictive and are either private mortgages/ loans, private renting or social housing.

## Benefits of housing co-operatives

One of the main benefits of housing co-operatives is that it is more affordable, as it is a not-for-profit model and is based on each member contributing to the project. Later on in this essay, in the Swiss and German case studies, these affordability levels and savings for rent are made clear. Research from Canada has also shown that co-operatives are financially robust and more cost effective because they almost never default on their mortgages.<sup>10</sup> Through doubling their supply of community and co-operative housing, this will help Canada with their housing affordability challenges.<sup>11</sup> Research has also shown that the gap between housing costs for co-operative type housing and private rental market is widening with co-op housing costs on average, \$400 to \$500 per month less than the private market in nearly all Canadian cities.<sup>12</sup>

As self-help is the fundamental basis for housing co-operative, and are also more affordable, they can be a housing model that garners widespread political and societal support. Co-operatives are non-profit, yet with their emphasis on private initiatives and self-help, they can be popular with the middle class.<sup>13</sup>

Housing co-operatives also help to promote social and neighbourhood communities and studies have shown that they help to build strong social cohesion and identity amongst its

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<sup>10</sup> The Conversation (2022) Housing co-ops could solve Canada's housing affordability crisis. Available at: <https://theconversation.com/housing-co-ops-could-solve-canadas-housing-affordability-crisis-181104>.

<sup>11</sup> Co-operative Housing Federation of Canada (2024) Canadian housing co-ops welcome the Canada Rental Protection Fund. Available at: <https://chfcanada.coop/canadian-housing-co-ops-welcome-the-canada-rental-protection-fund/>.

<sup>12</sup> Co-operative Housing Federation of Canada (2022) The Co-op Difference: Comparing co-op and market rents in five Canadian cities. Available at: <https://chfcanada.coop/wp-content/uploads/2022/11/The-Co-op-Difference-report.pdf>.

<sup>13</sup> Balmer, I., & Gerber, J., (2018) *Why are housing co-operatives successful? Insights from Swiss affordable housing policy*, Journal of Housing Studies, Vol. 33 (3), pp 361–385.

members as well as encouraging participation and bottom-up decision making and control.<sup>14</sup> There is the opportunity for a more diverse mix of tenants and generations, which means that residents can remain independent in their homes for longer,<sup>15</sup> which may become more pertinent for Ireland in the coming years with an ageing population, and a higher rate of renters as well.

## **Barriers and challenges in an Irish housing context**

While Ireland may have had a stronger history of housing co-operatives in the latter half of the twentieth century, this has dissipated somewhat, particularly since the 1990s and 2000s. Housing estates and apartment building for either the private homeowner or social housing is the norm, with little thought for alternative kinds of housing delivery models that are supported at societal and state level.

The Irish organisation, Self-Organised Architecture (SOA)<sup>16</sup>, is an independent research think tank that supports community led housing initiatives. This organisation has worked extensively to identify the policy and systemic gaps in Ireland for community led housing projects.

While housing co-operatives and Community Land Trusts are mentioned in Irish housing legislation under the Affordable Housing Act 2021, there is no further mention of them in other housing strategies and schemes. The current systems for funding and financing of housing developments are reliant on the private sector, and there is no current mechanism in place for housing co-operatives, even though there are 43 registered.

Planning and land management is also another policy barrier to housing co-operatives being implemented. A quick scan at the RFS shows that one of the co-operatives had their planning permission for their project denied. More data and information is needed to understand why these projects are being blocked in order to support them.

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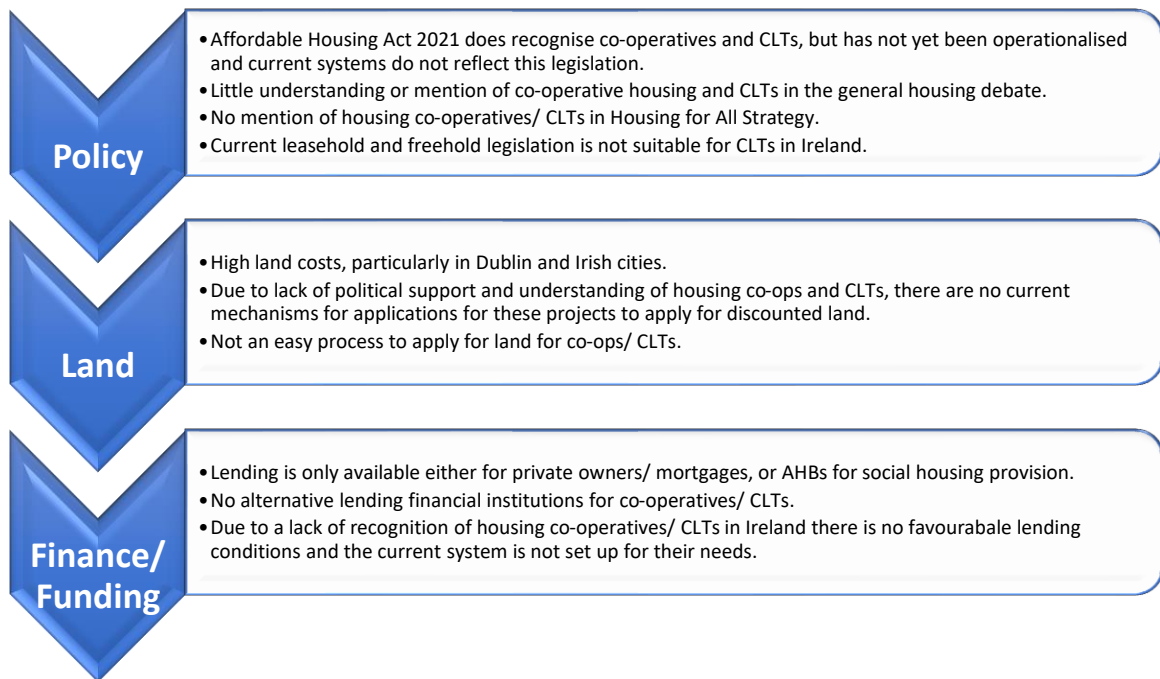
<sup>14</sup> Lang R., & Novy A., (2014) Co-operative Housing and Social Cohesion: The Role of Linking Social Capital. *European Planning Studies*, Vol. 22 (8), pp 1744-1764.

<sup>15</sup> The Co-operative Development Society Ltd (2012) The Case for Co-operative and Mutual Housing for Older People. Available at:

[https://www.housinglin.org.uk/\\_assets/Resources/Housing/OtherOrganisation/APPGcdssub-2012.pdf](https://www.housinglin.org.uk/_assets/Resources/Housing/OtherOrganisation/APPGcdssub-2012.pdf)

<sup>16</sup> Self Organised Architecture (2024) Available at: <https://soa.ie/>

Diagram 1: Barriers/ challenges to the implementation of co-operative housing model in Ireland



## Housing Co-operatives in other regions

As mentioned at the start of this essay, approximately 5% of overall housing delivery was through a co-operative model in the 1970s. However, this housing delivery model has always been more popular in Europe, with 25-30% of housing stock being a co-operative in the 1970s-1980s.<sup>17</sup>

Table 1: Housing Co-operative profiles in Europe, Canada, and USA<sup>18</sup>

Country	Total housing stock	No of co-ops	Total no of co-op homes*	Co-op tenants	% of overall housing stock
Austria	4,714,000	98	425,000	535,000	9%
Belgium	5,514,332	N/A	11,000	N/A	0.2%
Canada	14,072,080	2,212	92,526	250,000	0.7%
Denmark	2,719,974	121	229,718	N/A	8.4%
France	33,721,040	165	23,000	N/A	0.1%
Germany	41,400,000	N/A	1,886,000	4,600,000	4.5%
Ireland	2,049,000	43	5,500	14,000	0.3%
Sweden	5,096,007	4,100	1,212,299	1,100,238	24%
Switzerland	3,804,777	N/A	172,885	N/A	5%
United Kingdom	29,155,190	N/A	196,500	N/A	0.7%
USA	138,450,000	6,400	1,200,000	N/A	1%

**\*Data for co-operative housing stock is not as robust as other forms of tenures, so these are estimates based on Co-operative Housing International's reports**

While housing policies and schemes from other countries cannot always be so easily transposed onto an Irish context, there is merit in examining these different co-operative models, as there may be certain ideas that could be utilised, with tweaks and amendments.

For the purpose of this essay housing co-operative schemes in Switzerland, Austria, and Germany will be discussed as case studies, with a 2020 Housing Agency report<sup>19</sup> providing examples of recent co-operative schemes in these countries. While this report provides a helpful overview of various social, affordable, and co-operative housing examples in various

<sup>17</sup> Bank of Ireland Centre for Co-operative Studies (1982), *Co-operative Housing in Ireland*, University College Cork (UCC).

<sup>18</sup> Co-operative Housing International, *Housing Co-operatives Worldwide*. Available at: <https://www.housinginternational.coop/housing-co-operatives-worldwide/>

<sup>19</sup> Housing Agency (2020) *Social, Affordable & Co-operative Housing in Europe*. Available at: [https://www.housingagency.ie/sites/default/files/2020-12/Social%2C%20affordable%2C%20and%20co-operative%20housing%20in%20Europe%20\(2\).pdf](https://www.housingagency.ie/sites/default/files/2020-12/Social%2C%20affordable%2C%20and%20co-operative%20housing%20in%20Europe%20(2).pdf) (Accessed: 18<sup>th</sup> April 2024).

countries this essay will attempt to go another step further and analyse and apply the learnings to an Irish context.

## Switzerland

Switzerland's co-operative housing schemes comprises about 5% of its overall housing stock, with an impressive 172,885 co-op homes. Switzerland has a long history and tradition of housing co-operatives, with its capital, Zurich, having 25% of its housing stock owned by co-operatives and non-profit organisations. Further support for this form of housing tenure was cemented in 2011, when a city-scale referendum resulted in the population voting in favour to have one-third of non-profit housing in the city by 2050. Through this law, the City of Zurich is required to support a framework and instruments for non-profit housing.<sup>20</sup>

The Kalkbreite Complex co-operative housing scheme in Zurich was built in 2014, and this multi-use development is seen as a prime example of how to make a modern housing co-operative scheme viable in the twenty first century. This development is a mixture of residential and commercial properties with 88 dwellings and 9 rentable rooms, 20 spaces for cultural purposes and 200 workspaces.

A 2022 report from Co-Habitat Network on the financial and funding mechanism for a Swiss housing project, the Mehr als Wohnen, located in the city of Zurich, was able to negotiate with developers. This was done through several policy and legislative mechanisms, such as the 2011 referendum, which meant that the City of Zurich cannot sell land to the highest bidder but must consider non-profit housing providers first.

The leasing agreement signed between Mehr als Wohnen and the City of Zurich benefited both parties, as it was a long-term lease of 100 years, with the housing co-operative making available some of the space for local amenities and infrastructures such as childcare facilities. The rental lease agreement between the city and the co-operative was also negotiated for favourable rates that benefited both parties, with the calculation of the annual land lease rate also considering the space provided for free by the co-operative for the development of public interest infrastructure as well as the amount of subsidy it provides to low-income households (20% of apartments are subsidised).

Another important factor in the success of this housing co-op scheme was the diversification of funding used. The co-operative had to bring an initial equity of 5.4% as starting capital. Mehr als Wohnen benefited from the large expertise and resources of its founding member co-operatives, who contributed to approximately half of this required capital - the rest being collected from future residents as their equity.

Each member also had to contribute CHF 250/m<sup>2</sup> (approximately €250/ m<sup>2</sup>) as their member equity and depending on their financial circumstances this was sourced from private means and pension funds, or through social services for those on lower incomes.

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<sup>20</sup> Co-Habitat Network (2022) *Access to land and finance for community led housing*. Available at: [https://www.urbamonde.org/IMG/pdf/financial\\_mechanisms\\_in\\_community-led\\_housing\\_cohabitat\\_network-study.pdf](https://www.urbamonde.org/IMG/pdf/financial_mechanisms_in_community-led_housing_cohabitat_network-study.pdf) (Accessed: 18<sup>th</sup> April 2024).

Further funding was also secured from different levels of government as well as a loan from Zurich's pension fund, with a fixed interest rate, as well as standard mortgage loans for the outstanding amount from four other banking institutions with high ethical standards.

#### *What could Ireland learn from Switzerland?*

The development of mix use schemes, of both residential and commercial may be an idea to consider, particularly in light of the recent slowdown in the need for commercial office space in the city, but where there is also some of the greatest affordable housing need.<sup>21</sup> While this article does concede that office space may still be needed, they shouldn't shut the door entirely on a repurposing of offices into much needed city centre homes.

Ireland would also need to consider the merits and benefits of enshrining in law a base line percentage for social and affordable housing, however with the delays in the Right to Housing referendum we may be a long way off from this. The Switzerland example here shows the power in having this enshrined in law and seems to be showing practical positive results with land not being sold to the highest bidder, but with the consideration of not-for-profit housing providers.

Diversified funding streams for the delivery of housing co-operatives is also another area that Ireland needs to consider developing, however, this may prove complex and difficult without the support and backing of the State.

## **Austria**

Approximately 9% of Austria's housing stock is comprised of co-operative housing, and the Vienna model is often held up as the panacea of affordable housing models. Co-operative housing schemes are meant and expected to actively contribute to wider housing policy goals that includes social sustainability of neighbourhoods, and social capital building among residents.<sup>22</sup>

This robust affordable housing model, that includes a strong co-operative sector, did not come about by accident. Instead, it is a deliberate housing model based on state backed financial support and a competent and dedicated limited profit sector. This has resulted in approximately every sixth habitant in Austria occupying an apartment built and/or managed by a limited-profit housing association.<sup>23</sup>

There is recognition amongst policy makers in Austria that without these government backed interventions and state legislation, housing in Austria, even for those households on a higher income, would be impossible to afford and would leave many Austrian households without quality affordable housing. All this is to say that their robust housing model, that is often cited by outsiders, as the top tier in housing systems, does not happen in a vacuum and it takes

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<sup>21</sup> Irish Times (2024) Surge in new office space in Dublin despite rise in vacancy rates. Available at: <https://www.irishtimes.com/business/2024/05/07/surge-in-new-office-space-in-dublin/>

<sup>22</sup> Lang & Novy (2011) *Housing Co-operatives and Social Capital: The Case of Vienna*. Available at: <https://citeseerx.ist.psu.edu/document?repid=rep1&type=pdf&doi=53dc28901e6d3a7479627539f1273d63897036cc>

<sup>23</sup> Co-operative Housing International, Austria. Available at: <https://www.housinginternational.coop/co-ops/austria/>

concerted effort and political will to make it happen, characterised by a supply orientated strategy.<sup>24</sup>

Austrian housing co-operatives are underpinned by key systemic factors including auditing and regulation to ensure that they remain sustainable and viable for future housing delivery. This includes regular auditing on effectiveness, economy, and usefulness, as well as the heavy regulation of the how rents are set. Rents are fixed to cover the appropriate cost of land, construction, administration, and financing. The rents include an amount dedicated for repairs and long-term maintenance. Once the loans are repaid, the rents are regulated.

While Austrian housing co-operatives are heavily regulated, they also have access to public financing. These are specific and allocated to the provision of social and affordable housing and are mainly focused on the construction costs. This financial assistance takes the form of long-term and low-interest rate public grants or mortgages that cover between 20-60% of the construction costs. It also includes annuity grants/loans granted either instead of the loan for the construction costs or in addition to such loan to reduce the repayments of mortgages.

#### *What could Ireland learn from Austria?*

Clearly Austria has a much more advanced and purposeful regulation and funding system for their social and affordable housing schemes. Ireland is much more cyclical, with a 'boom, bust' model underpinning the funding model for housing. Social housing is also less stigmatised in Austria, with higher income levels for social housing residents the norm.<sup>25</sup>

Ireland should consider broadening the income eligibility criteria even further, which could increase the rent levels from this tenure. This is a major stumbling block for the AHB sector in Ireland, as rental income does not cover enough of the costs to deliver social and affordable housing, as well as the upkeep of these homes, and they therefore have to rely on subsidies. Diversification of funding, as mentioned in the previous Swiss example, has again emerged as a risk factor for Irish affordable and co-operative housing delivery. Also, similar to Switzerland, Austrian housing co-operatives are enabled to acquire land at a reduced rate, and lease it rather than buy it, which helps to lower the overall cost of housing delivery considerably.<sup>26</sup> This land is also leased at a fixed rate.

To deliver a truly affordable and sustainable housing supply, which includes co-operative housing, there needs to be a move away from the reliance on capital funding, and a willingness to take more chances, greater regulation, and looking to other funding sources.

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<sup>24</sup> Deutsch, E., & Lawson, J., (2012) International measures to channel investment towards affordable rental housing: Austrian case study. Australian Housing and Urban Research Institute. Available at: [https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI\\_Research\\_Paper\\_International\\_measures\\_to\\_channel\\_investment\\_towards\\_affordable\\_rental\\_housing\\_Austrian\\_case\\_study.pdf](https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI_Research_Paper_International_measures_to_channel_investment_towards_affordable_rental_housing_Austrian_case_study.pdf)

<sup>25</sup> Department of Public Expenditure and Reform (2021) An Overview of the Irish Housing Market and Policy. Available at: <https://assets.gov.ie/205477/d744837d-8f03-4ff0-82dd-4763df823c95.pdf>

<sup>26</sup> Ibid.



## Germany

Surprisingly, Germany has a relatively low rate of social housing, at 4% of overall housing stock,<sup>27</sup> with co-operative housing making up approximately 4.5%.

The River Spreefeld housing co-operative in Berlin is a 64-unit, mixed tenure scheme. The overall cost to deliver this project in 2013 was €12,470,000. This co-operative is also diverse in a multicultural and multigenerational sense, with a range of income levels making the delivery of this scheme possible. There are also cluster apartments, which provides communal spaces for 4 to 21 tenants. Interestingly, there are also spaces and facilities open to the public, and the strict budget for the project was adhered to through focussing on only the essentials, with tenants able to carry out the necessary construction works on their own.

This project, like the Swiss one, began in the late 2000s, and they were inspired by other European housing co-operatives as well as to counteract the rising financialization of housing and gentrification.

With limited options for this group, they had to buy the land as a private entity, before transferring the ownership to the housing co-operative. The main objective of this co-operative was to plan and manage a mixed-use housing scheme. As Spreefeld was a membership-based co-operative it depended on the resources of its residents. Originally, the land was bought by the core group of co-op members, which was financed through personal loans with alternative banks and lending institutions that had a focus on sustainability and high ethics and environmental standards.

Overall, the total cost for the project was €17,000,000, 50% of which was paid through co-operative loans and 50% through members' contributions for their apartments, which was either through personal savings or loans. Members also pay towards the repaying of the co-operative's loans for the land and construction costs through "use-fees" that residents must pay for their homes. Rent from the commercial spaces is enough to cover the costs of creating and financing these.

Rents for residents are maintained at an affordable level, at around €6-7/m<sup>2</sup>, while the loan is being paid off, reducing to €3-4/m<sup>2</sup> when the co-operative's loan is repaid.

However, a downside to the Spreefeld co-operative is that due to internal disagreements, it was decided to offer the option to residents to privately own their home if they chose to. This meant that these homes could be lost to the private market, even if the co-operative had the first refusal on the sale of one of the Spreefeld homes, they might not be able to afford it and it would instead go to the highest bidder as this project is situated in a prime location in Berlin.

Critics of this project have suggested that one way to circumvent a hybrid model like this and prevent losing co-operative homes to the private market, is community land trusts. They are much more sustainable in the long term as the land belongs to the trust and removes it from land speculation. However, in order for CLT homes to be truly affordable, subsidies are

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<sup>27</sup> Housing Europe (2023) The State of Housing in Europe. Available at: <https://www.stateofhousing.eu/#p=62>

required due to the high costs of construction of new buildings. This can only happen if prioritised and supported by the State.

*What could Ireland learn from Germany?*

The Spreefeld project is a good example of the acquiring and building of quality homes in a highly sought after city location. As with the previous co-op examples, diversified funding streams, and loans from members of the co-op are essential for the completion of such a scheme. It is also imaginative and innovative and has started off truly affordable. Ireland would do well to consider alternative financing institutions of high ethical standards of course, and not just a reliance on private mortgages as the only way to buy a home.

# How could a housing co-operative work sustainably in Ireland?

A sustainable housing co-operative model in Ireland today is possible and happens successfully in other similar countries, however, certain changes need to be made to housing policy, land negotiation, State support, and lending institutions for co-op homes. These might appear at first to be insurmountable and complex, but it doesn't have to be, and the proposals and recommendations below will convey how this could be done within an Irish context.

## Proposals and Recommendations

### 1. Policy & Legislation

Serious attention needs to be given to Section 6 of the Affordable Housing Act 2021, which specifically mentions that local authorities can make arrangements with housing co-operatives, community-led housing and CLTs, for the provision of homes that are new build or otherwise. However, the appropriate systems and processes also need to be in place to properly operationalise this policy into practice. This would also involve funding mechanisms and institutions that cater to the needs of these projects, as well as land being made available at a negotiated lower price to ensure these homes remain truly affordable. As in Austria and Switzerland, housing co-operatives and non-profit housing providers are prioritised in terms of land availability for homes, which is a policy and practice that needs consideration within an Irish context.

Another piece of housing legislation that will need review if community land trusts are to become a reality in Ireland, is the issue of leasehold and freehold and the statutory ground rents purchase scheme. This would obviously need careful review if any amendments were to be made, but perhaps a change to exclude community land trusts would be a realistic work-around and help to strengthen this model in Ireland.

### 2. Funding & Financing

As has been mentioned numerous times in this essay, the current funding and financial systems in Ireland are not conducive for a co-operative housing model to develop and scale up. Mortgages and loans can be obtained by an individual, institutional investment funds and AHBs have the funds to purchase schemes, but there is nothing in place for the co-operative organisation.

A solution to this lack of funding mechanism for co-operatives is if Credit Unions were allowed to lend to them. These organisations both have similar values, and it could be a mutually beneficial partnership. In 2023, deposits and investments totalled €14.58 billion<sup>28</sup> for Irish Credit Unions, which could be used to lend to co-operatives and its members. As has been seen from the other co-op projects in Europe, members pay back these loans and Canadian

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<sup>28</sup> Central Bank of Ireland (2024) Financial Conditions of Credit Unions, 2023. Available at: <https://www.centralbank.ie/docs/default-source/regulation/industry-market-sectors/credit-unions/communications/financial-conditions-of-credit-unions/financial-conditions-of-credit-unions-2023-i.pdf>

research has shown that co-ops are less likely to default on their mortgages and are lower risk.

Another possible source of funding for CLTs is the recognition of these housing models in the yearly budget. An example of this is already happening in Belgium, whereby the Community Land Trust Brussels (CLTB) has a dedicated budget of €2,500,000- €3,000,000, from State funding, which could also be replicated here in Ireland.

### **3. Political and Societal Support for Co-operatives**

While not as tangible in some respects, but still vital to the implementation of a co-operative housing model, is the understanding and support from Irish political and societal spheres.

As shown in the examples of successful co-operatives, support and collaboration is vital with the State. Their support is needed for policy, funding, and enabling subsidies for these projects to remain viable and affordable. While co-operatives are mentioned in legislation, they are nowhere to be seen in accompanying housing schemes and strategies, such as *Housing for All*. Co-operatives and CLTs could be recognised as part of the Department for Housing's affordable housing programme and would offer alternatives to the current binary system of private or social housing. Through diversifying funding schemes to finance these projects, they would also be less risky, and would provide housing in highly sought after areas, but only with State backing and support.

While housing co-operatives were much more a part of the housing lexicon in the 60s, 70s, and 80s, their popularity has waned somewhat since then. However, this may in fact be due to how difficult it is to set up a modern-day housing co-operative in Ireland. There are currently 43 registered and many more groups and households who may be interested in this kind of community and housing model. If the key funding and legislation barriers were unlocked, this may lead to an uptake for co-operative housing and for it to once again be considered an attractive housing option.

## Conclusion

This essay started with a quote from Walt Whitman on the merits of the distribution of shared resources, such as land and the homes on them. He was a strong advocate for the values of solidarity, the same as the co-operative movement, which is based on the values of democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others. In a world of finite resources and increasing affordability issues, housing co-operatives can offer an alternative housing model for households and communities. One that is intentional, resourceful, and imaginative. In a changing world, this is the kind of innovation that is needed to provide sustainable housing for future generations.

While housing co-operatives will most likely not make up the majority of housing stock in Ireland, there is definitely a need for this kind of housing amongst different groups, including students, older people, artists, LGBTQI+ community and many more.

Over the course of this essay the rich history of the co-operative housing movement in Ireland was discussed and its importance during the 1950s-1980s in delivering affordable homes and intentional and sustainable communities. The current legislative landscape in which housing co-operatives and community land trusts operate, as well as the barriers and challenges currently faced by co-ops in Ireland was also examined in detail.

There is much to be learned from our co-operative counterparts globally and three case studies in Europe were prime examples of co-ops in action. These projects took time and innovation from its members, but they showed what is possible when the legislative and funding tools are in place, as well as the political and societal understanding and support.

Ireland is not currently there yet, but it does have good foundations for this model to be implemented, particularly with the enactment of the Affordable Housing Act 2021. With stronger State support and collaboration, a co-op model is possible in Ireland and all the benefits that it brings, such as community cohesion, affordable housing, as well as an opportunity for diverse communities and neighbourhoods.

Nothing worth doing is ever easy, but if sustainable and innovative housing could be one of the key players in the modern Irish housing landscape, then it is worth it.

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