

Co-opted Housing or Housing Co-operative? A Role Beyond the State for Mutual Housing Solutions

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With the growth in popular and political interest in mutual and co-operative structures this paper considers the case of housing. By revisiting co-operative history the paper provides as a basis for development the guiding principle of collective self-help. It argues that if mutualism is to play a role in developing new solutions to housing problems there is a need to develop new models in partnership with unlikely bedfellows.

For some time co-operation and mutualism have been overlooked, misunderstood and, worse still, misappropriated by others. Whilst the time is increasingly seen by many as an opportunity for mutual forms of organisation to develop and flourish, Housing is very much a part of this. The report of last year's Commission on Co-operative and Mutual Housing stated:

If the Rochdale Pioneers were alive today, they'd be building housing co-ops!
(Commission on Co-operative and Mutual Housing, 2009)

This is a bold statement for the Commission to make. So what does history tell us about co-operative housing endeavour, what does the Commission propose and how should we be building housing co-operatives?

Let us take as our starting point the Rochdale Pioneers. Their track record with developing housing was limited and the co-operative principles of these enterprises were barely realised. Perhaps then this is one lesson for the co-operative movement: building housing is not your forte. The housing they built was rented privately and they became at best a collective private landlord. The similarities with the development of socially minded landlordism and housing associations are perhaps closer and this relationship is important. The development of co-operative housing over the last century has witnessed increasing state incorporation to the extent that the latest and overdue developments, Redditch Co-operative Homes and the Community Gateway Associations, have been delivered by the agents of the state as a means of improving the quality and attractiveness of social rented housing. Once again these are co-operative in name yet far from being the 'owners' of their own homes they have a time limited lease and only one

voice in decisions over their homes. Despite this flaw, it is this state supported pattern of development which the Commission recommends: the bulk of its recommendations request that public sector bodies facilitate, finance and develop new co-operative housing. On any reading of UK co-operative history, this is not the way the Rochdale Pioneers would have developed housing. Their approach was based on mutual self-help where they found the resources and did it for themselves rather than asking for handouts and the controlling arm of outside agency.

But rather than be defeatist, I wish to pursue a more realistic approach to where co-operative enterprise can contribute to meeting housing needs. The Rochdale Pioneers succeeded in undertaking the small scale development of 'land and building societies' and in doing so developed a vehicle to finance the construction of housing (Birchall, 1992). This is a part of the history of modern mutual building societies and herein is where we can learn lessons for development. The major obstacle to development is the availability and cost of finance but that is not to say that finance is not available. Yes the world around us has changed and yes the availability of public finance has contracted considerably. Therefore there is a need to look in alternative places for this finance. This is an issue encountered by the Rochdale Pioneers and, before them, the Chartists. Yet they both adopted a mutual and collective approach to raising the finance needed to deliver new housing and were provided with a return on capital as an incentive for them to lend the society their money. So what is the problem with this? According to co-operative purists this is precluded by the third co-operative principle on member economic participation. This states: "Members usually receive limited compensation, if any, on capital subscribed

as a condition of membership” (International Co-operative Alliance, 1995). To read this as a preclusion to providing a return on capital is disingenuous. The problems in the past have related to the control given to or rested by investors over a co-operative venture, as seen in early co-partnership housing schemes (Birchall, 1995). The issue though seems to be one of private over other finance: as the Commission shows, the co-operative housing movement appears eager to secure public funding. This too brings an imbalance in overall control and, as illustrated in work for the Commission (Rowlands, 2009), has diluted the efficacy of some housing co-operatives and compromised the independence of others. This suggests that what is important is not where money comes from nor about whether any return is paid to those ‘investors’ but rather who controls the overall enterprise. And this comes back to the governance of co-operatives by their members.

As indicated, the days of abundant state funding have gone if not forever at least for the foreseeable future. But there remain resources to be tapped in the wider economy, indeed in wider society. From individuals seeking a secure and longer term return on capital to philanthropic benefactors to pension funds there are a multitude of opportunities to tap. Housing can offer a beneficial rate of return for these investors and there are a range of niche needs which are waiting to be tapped which would also steer co-operative

housing away from its pigeon holed role as the cosy end of the social rented sector. It is clear that this will bring together bedfellows who in the past would have seemed unlikely but they need not be incompatible. Indeed, mutual benefits can be derived from this approach. The key to success is to ensure the correct dividend can be provided to all parties. To me, this would appear more flexible and more dynamic than any state led approach.

Of course this is not a simple panacea and to develop these opportunities will require time, new networks and energy. They will require tailoring to different situations whilst also co-ordinated at some level to achieve efficiency and economies of scale. But perhaps the best starting point for the co-operative movement will be to look within itself for resources. For those with a concern that external finance undermines the third principle, then the movement would do well to consider principle six which encourages co-operation between co-operatives. With other co-operative sectors and societies holding land, capital resources such as pension funds and cash flow that could be productively employed part of the challenge will be to encourage them to reinvest within the sector to build a mutual future. If this step can be taken successfully, perhaps other investors can be convinced devote resources to developing housing in a mutually beneficial and co-operative way.

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Notes

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