

# Tackling the global housing challenges: Relevance and replicability of Switzerland's and Uruguay's housing cooperatives' policies and strategies

A research project funded by the Swiss Network for International Studies (SNIS)

---

## Working Paper 6

How accessible and affordable are Swiss housing cooperatives?  
Insights and reflections on housing policies in Switzerland

By Jennifer Duyne Barenstein, Philippe Koch

01.08.2022

This working paper is part of the research project “Tackling the global housing challenges: Relevance and replicability of Switzerland’s and Uruguay’s housing cooperatives’ policies and strategies”. A research project funded by the Swiss Network for International Studies (SNIS).

**Research team:**

Jennifer Duyne Barenstein  
Coordinator  
ETH Zurich

Marie Glaser  
Co-Coordinator  
ETH Zurich

Gerardo Sarachu  
Co-Coordinator  
Universidad de la Republica, Uruguay

Daniela Sanjines  
Principal Member  
ETH Zurich

Philip Koch  
Principal Member  
Zurich University of Applied Sciences

Carla Assandri  
Principal Member  
Universidad de la Republica, Uruguay

Cecilia Matonte  
Principal Member  
Center for the Study of Violence and Reconciliation, South Africa

Daniela Osorio  
Principal Member  
Universidad de la Republica, Uruguay

## **Abstract**

*In a global context characterised by governmental withdrawal from the housing sector, the commodification of housing, and the inability of the private sector to cater to the needs of low-income people, housing cooperatives are being rediscovered as a third way in the provision of affordable housing. Housing cooperatives in Switzerland emerged towards the end of the 19<sup>th</sup> century as bottom-up organisations in a context of rapid industrialisation and urbanisation characterised by acute housing shortages. Poor housing conditions and excessive rents threatened public health and social order, thus forcing municipal governments to respond to this crisis in an intellectual and political context that was shaped by the growth of the international labour organisations. Historically and geographically, the formation of housing cooperatives has been highly uneven and largely concentrated in urban areas. In fact, their emergence was contingent upon local political initiatives that forced municipal governments to intervene in the housing sector. Housing cooperatives thus became key partners in the implementation of social housing policies that made it possible for the state to engage only marginally in the provision of affordable housing. As opposed to other European countries where neoliberal reforms led to a gradual commodification of cooperative housing this is not the case of Switzerland, where housing owned by cooperatives remains permanently withdrawn from speculation. But are housing cooperatives in a position to respond to the growing need of affordable housing? How affordable are housing cooperatives in comparison to housing provided by the private rental market? How accessible are housing cooperatives to those most in need? And how protected are housing cooperatives from commodification risks?*

Keywords: housing cooperatives; housing policies; affordable housing, Switzerland

## **Introduction**

The global commodification of housing and its severe consequences on lower-income people's access to adequate shelter have triggered a renewed academic and policy interest in housing cooperatives and their role in the provision of affordable housing (Baiges et al 2020, Duyne et al. 2021). Housing cooperatives emerged in Europe towards the end of the 19<sup>th</sup> century and in several countries played a key role in the reconstruction after WW1 and WW2. A closer look into the movement in specific countries shows, however, that housing cooperatives in many places were subject to deregulation and liberalisation and accordingly ceased to be providers of affordable and decommodified housing and to cater to the needs of lower-income people. This is not the case in Switzerland, where housing cooperatives, even though embedded in a capitalist economy, continue to represent a form of durably decommodified housing (Balmer and Gerber 2018, Balmer and Bernet 2016). In this paper we explore their role in the provision of affordable housing by addressing the following questions: Are housing cooperatives a viable and inclusive strategy towards the provision of affordable housing? Who lives and has access to housing cooperatives? How effectively and sustainably are they protected from the risk of commodification? To answer these questions we will look into the history of housing cooperatives in Switzerland and into the policy instruments enabling and regulating the cooperative housing sector. An analysis of recently published statistical data provides answers to their affordability and accessibility. The paper further relies on interviews held with representatives of housing

cooperatives and their associations in Bern, Basel, Geneva, Zurich and Winterthur between October 2021 and June 2022.

This study was carried out in the framework of the research project *“Tacking the global housing challenges: relevance and replicability of Switzerland’s and Uruguay’s housing cooperatives”*. Funding from the Swiss Network for International Studies (SNIS) is gratefully acknowledged.

## **Analytical framework**

In this paper we argue that whether housing cooperatives constitute an affordable and accessible approach to housing depends on several interlinked factors. First of all in order to meet the housing needs of a growing number of households for whom market-provided housing is unaffordable, housing cooperatives need to be able and willing to occupy more than a ‘niche’ in their national housing system. Apart from enabling policy and financial instruments this requires the capacity and commitment of existing cooperatives to grow and of new housing cooperatives to emerge. Are housing cooperatives in a position to respond to the growing demand of affordable housing? Are the existing policy and financial instruments adequate?

Housing cooperatives are not necessarily and by definition more affordable than housing supplied by the private market. This depends, among others, on the construction costs, which are strongly influenced by the cost of land and mortgages but also by building regulations defining the housing standards. Furthermore, housing cooperatives in Switzerland provide non-profit rental housing to their members who have to acquire equity shares and pay a monthly rent. Are such equity shares and rents affordable? What does living in a housing cooperative cost, in comparison to housing in the private market? How do construction costs influence the affordability and accessibility of cooperative housing?

Thirdly, housing cooperatives need to be open and accessible to those who need affordable housing. But who is actually living in housing cooperatives? Are their inhabitants really those most in need of affordable housing? How is access to housing cooperatives regulated?

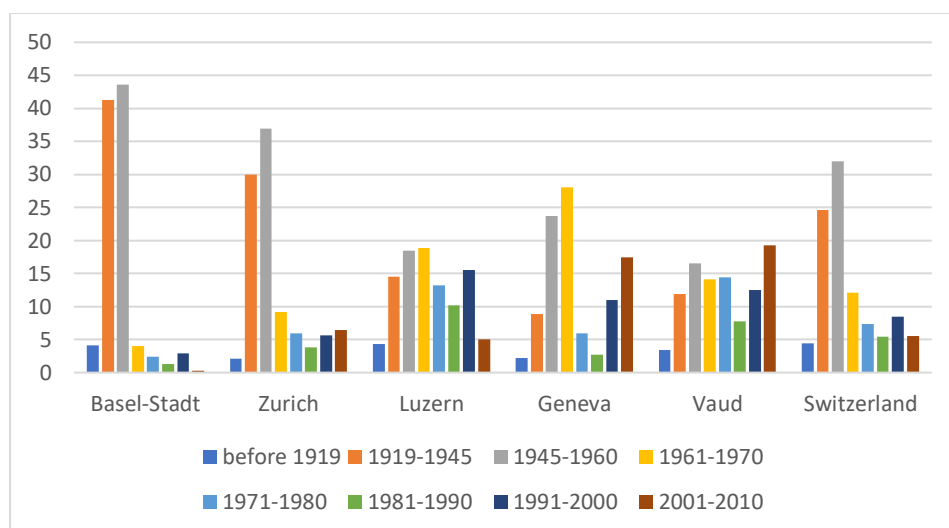
Last but not least, housing cooperatives are a sustainable answer to the housing question if they remain resilient to the market forces on a long-term: how robust are the measures that prevent the commodification of cooperative housing in Switzerland?

We will answer these questions with reference to analytical framework proposed by Ferreri and Vidal (2020). The authors emphasise the nexus between the state and the cooperative sector and its crucial importance to understand the public-cooperative approaches to housing. Thus, whether and how housing cooperatives provide an affordable alternative to social housing depends to a large extent on the public policy instruments that are in place to facilitate the production of cooperative housing, to regulate the access to cooperative housing, and to ensure the maintenance of the model over time.

## The role of housing cooperatives in Switzerland

Housing cooperatives in Switzerland emerged towards the end of the 19<sup>th</sup> century as bottom-up self-help organisations in a context of rapid industrialisation and urbanisation characterised by acute housing shortages (Caduff and Kuster 2000). Poor housing conditions and excessive rents threatened public health and social order thus forcing municipal governments to respond to this crisis in an intellectual and political context that was shaped by the growth of international labour organisations (Banz et al. 2016). Through various support mechanisms, that will be further discussed below, housing cooperatives thus rapidly expanded in the first half of the 20<sup>th</sup> century, with their success often attributed to a strong tradition of local community self-help and volunteer work (Capol 2000). Nevertheless, historically and geographically, the formation of housing cooperatives has been very uneven and largely concentrated in urban areas.

Figure 1: Distribution (in %) of non-profit homes by construction period and canton



Source: Based on data provided by the BWO

(see: <https://www.bwo.admin.ch/bwo/de/home/wohnraumfoerderung/zahlen-und-fakten/zahlen-zum-gemeinnuetzigen-wohnungsbau.html>)

Presently housing cooperatives in Switzerland own approximately 170'000 apartments, equivalent to 5.1% of the total number of rental apartments. Their average size is of about ninety apartments, ranging from 2 to over 5000 apartments. Most of them, as shown in Figure 1, were built in the country's ten largest cities between 1945 and 1970. These years were followed by about twenty years of stagnation. However, since the beginning of 2000 a new generation of housing cooperatives started to emerge in several major cities and are playing an important role in rejuvenating the movement (Boudet 2017, Pattaroni and Marmy 2016).

Table 1: Number of co-op apartments in the ten largest Swiss cities (2015)

City	Total apartments	Total co-op apartments	Share
------	------------------	------------------------	-------

Zurich	223'000	43'800	19.6%
Geneva	108'200	5215	4.8%
Basel	98'700	9770	9.9%
Bern	78'700	6960	8.8%
Lausanne	77'500	5838	7.5%
Winterthur	54'500	5897	10.8%
St. Gallen	43'100	3240	7.5%
Luzern	45'800	5625	12.3%
Biel	30'700	4234	13.8%
<b>Switzerland</b>	<b>4'469'500</b>	<b>170'200</b>	<b>3.8%</b>

Source: BWO 2017

Housing cooperatives in Switzerland may be defined as autonomous democratic organisations that are historically committed to provide high quality affordable housing and to contribute to liveable and socially inclusive neighbourhoods. The first generation of housing cooperatives was strongly influenced by the garden city movement and had a tangible influence on urban morphologies (Boudet 2017). Thus, while from a quantitative point of view and at a national level their role may not seem very impressive, what is remarkable about them is the high quality of their housing stock and their historical important contribution to the development of urban neighbourhoods.

As shown in Table 1, Zurich is the Canton with the highest concentration of housing cooperatives. Out of the total number of around 2000 cooperatives 38% are located in the Canton of Zurich and 23% in its capital city. Presently about 26% of the rental housing stock in the city of Zurich is non-profit whereby 19% belong to housing cooperatives. But Zurich is nationally and internationally not only known for its high number of housing cooperatives but also for their high quality and innovative architecture, their substantive contribution to urban quality, their participatory approaches, their promotion of sustainable lifestyles and social inclusion. While these features have been discussed in a wide range of publications, less known are the municipal-level policy instruments that allowed housing cooperatives to occupy such a prominent role in the local housing market. Accordingly, in the following section we provide an overview of the policy instruments at national, cantonal and municipal level that enable housing cooperatives to emerge.

### **The Swiss housing system and its national housing policies**

Switzerland is a small and by all standards wealthy country with a population of only 8'753'933 people. 84.8% of its inhabitants are living in area classified as urban. Switzerland is a country of tenants with one of the lowest homeownership rates in Europe. Currently only about 36% of the population own the dwelling in which they reside. However, there are significant differences in the home ownership rates between urban and rural areas; the highly urbanised cantons of Geneva and Basel-City, for example,

have homeownership rates of only 17.5% and 14.9% respectively, while in several of the predominantly rural cantons more than 50% of the households own their housing. Whereas detached single family privately-owned houses is the typology that prevails in sub-urban and rural areas, the majority of the rental housing stock in cities consists of apartment buildings. These are primarily owned by private individuals and to a lower degree to private companies and pension funds. Public housing and non-profit housing owned either by cooperatives or by public and private foundations, as was mentioned above are an important category of owners in some cities, but play a relatively marginal role at national level. As pointed out by Julie Lawson (2009) the Swiss housing situation and the strong differences across cantons and between urban and rural areas are the result of housing policies that “emerged from a unique welfare regime which incorporates both liberal and conservative traits” (Lawson 2009: 46).

Switzerland’s housing policies cannot be understood without having a closer look at the its federal system and at the division of competences between its central government, its 26 cantons, and its 2929 municipalities. These three levels of government cooperate vertically and horizontally with cantons and municipalities enjoying a high degree of autonomy.

Housing policies may be divided into two distinct areas: the regulation of tenancy matters and the promotion of housing construction (Cuennet et al. 2002). Whereas the legal framework regulating the relation between landlords and tenants is provided by the federal level, the promotion and support to housing construction is considered a shared responsibility of all three layers of government. However, as will be further discussed below, housing policies and financial instruments to promote housing supply at the federal level are rather limited and very unevenly developed at cantonal and municipal level.

In Switzerland’s direct democracy, housing policies strongly depend on the prominence the housing question occupies in politics and public debates. Several Swiss cities are currently facing a severe housing crises due to a rapid population growth leading to housing shortages and hiking housing costs. These exasperating conditions are triggering a growing public demand for governmental support to non-profit housing construction. (Koch 2021, Balmer and Gerber 2017). Political parties and organizations on the left rally for a more extensive promotion of affordable housing in cities but also in some urban cantons. Their demands focus on more support to the supply-sides, i.e. to the construction of more public and cooperative housing even in cities and cantons where subject-oriented demand-side subsidies are in place. Whereas political support to public housing is low among conservative and liberal parties, the support to housing cooperatives is generally high. This may be explained by the fact that housing cooperatives are a politically and ideologically very heterogeneous movement, that cooperativism is considered to be part of the Swiss DNA, and that a large proportion of their members belong the rather conservative Swiss middle and lower-middle class.

Also in housing politics it is possible to observe a strong urban-rural divide that can be interpreted in different ways; economically, housing shortage, unaffordable rents and land prices have always been

and continue to be most severe in cities. As a result urban and rural populations differ significantly when it comes to policy preferences such as the role of the state in supporting housing.

In summary, housing policies in Switzerland are made at federal, cantonal and municipal level and can only be understood by looking at these three levels separately, as we will further do in the following sections.

### *Federal housing policies*

Federal housing policies are rather weak and financial support to the supply of housing in the form of loans or grants has been only sporadic and never exceed support to the construction of more than 10% of housing (Cuennet 2002: 23). As pointed out by Lawson (2009:53) "... until the early 1070s housing aid has been given from time to time, in the form of interest subsidies, low interest loans and block grants under a time limited cost rent conditions". In 1974 the "Law Encouraging Housing Construction and Accession to Home Ownership" introduced at federal level a combination of mortgage guarantees and repayable loans to cover the gap between actual construction costs and initial rents. These subsidies intended to boost housing construction in a period of shortage and were not targeted exclusively to the non-profit sector. As a result of the falling rental and housing prices in the 1990s these instruments were suspended in 2001 and for the next two years there was no housing policy at federal level. After a gap of two years the federal government passed the Housing Support Act in 2003 with the aim of supporting the housing supply for low-income households and to foster access to homeownership. The Act details three financial instruments to attain these goals:

- Direct support to non-profit housing organizations through loans with reduced or no interest rates.
- Direct support of owner-occupant housing through loans with reduced or no interest rates.
- Indirect support to non-profit housing organizations firstly, by, providing a revolving fund (*fonds de roulement*), for the operating capital and second by guaranteeing bonds issued by the umbrella organization of all non-profit housing organizations (*Emissionszentral für gemeinnützige Wohnbauträger*) and third, by supporting mortgage bond cooperatives.

However, the same year the direct support to non-profit housing were suspended following the federal budget relief program and ever since only the above-mentioned indirect support measures have been in place at federal level.

The *Fonds de roulement* provides low-interest loans to housing cooperatives and other non-profit housing suppliers. Federal payments towards this fund slowly began in 1978 and until 2020 amounted to 300 millions, when the federal government agreed to gradually increase its amount to 600 million Swiss francs as a counterproposal to the public initiative to increase the share of non-profit housing at national level to 10% of the total rental housing stock. The revolving fund is managed by the two



national umbrella organisations of housing cooperatives and non-profit housing providers. To get a loan several conditions have to be met, such as: The housing cooperative has to be member in one of the two associations mentioned above, subscribe the “Swiss Charta of Non-profit Housing Providers”<sup>1</sup> and to comply to the housing quality standards codified in the *Wohnungs-Bewertungs-System (WBS)*<sup>2</sup>. The eligible loan amount is also calculated in relation to the number of apartments. Currently the maximum amount issued corresponds 50'000 Swiss Francs for each apartment. These loans are relatively small but provide security to access to additional mortgage funds. Since the introduction of the HSA loans, around 45 million Swiss Francs per year have been issued to non-profit housing organisations supporting the annual construction of about 1500 apartments equivalent to approximately 3% of total annual housing production. (Koch 2021).

Bonds are a mechanism for raising private capital that is used by both the public and the private sector. Government secured bonds offer low-risk investment opportunities with low interest fixed income securities. The Swiss Bond Issuing Co-operative (BIC) (*Emissionszentrale für gemeinnützige Wohnbauträger, EZW*) was established in 1990 with the support of the Federal Office of Housing and the cooperative umbrella organisations to raise funds for housing cooperatives. The purpose of the BIC is to pool equity in order to issue bonds in the capital market at preferential conditions. Through these bonds housing cooperatives get access to capital for their own housing projects. The BIC plays an important role in supporting the formation of new and smaller cooperatives as it allows them to access to additional finance at more favourable terms (Lawson 2009:59-60).

### *Cantonal housing policies*

Generally speaking the engagement of Cantons in the housing sector is very limited. In fact, only nine out of 26 cantons have adopted a legal basis to support the construction of affordable housing. The limited role of Cantons in the supporting the supply of affordable housing may be explained by the fact that even though housing politics are not completely absent at the cantonal level a survey of cantonal votes suggest that struggles over construction of housing and the provision of affordable homes are rarely addressed at the cantonal level (Koch 2021).

### *Municipal housing policies*

In the absence of effective federal or cantonal housing policies, the main political level in the domain of affordable housing was and continues to be the municipality. Most Swiss cities primarily rely on housing cooperatives for the provision of affordable housing with public housing playing a minor role. In fact, public housing plays a significant role only in Zurich, even though public housing schemes exist in all cities. A significant degree of variation in the type and degree of provided support can be noted

---

<sup>1</sup> Charta der gemeinnützigen Wohnbauträger in der Schweiz. Av. online at: [https://www.wbg-schweiz.ch/data/gemeinsame\\_Charta\\_01\\_01\\_13\\_d\\_2877.pdf](https://www.wbg-schweiz.ch/data/gemeinsame_Charta_01_01_13_d_2877.pdf)

<sup>2</sup> See: <https://www.wbs.admin.ch/de> accessed, 4 August, 2022

across the country's major cities. In their study covering five cities Balmer and Gerber (2017) found that all cities to some degree support non-profit housing organisations and that for over a decade the support has been steadily increasing. Several cities provide financial support to access land and technical assistance for the development of projects to specific housing cooperatives. However, the main support in all cities consists in facilitating access to public land for housing construction, which is generally leased out to cooperatives for periods ranging from 60 to 90 years. But to which extent this instrument is used and the impact on rent levels varies. The city of Zurich uses the instrument most extensively. Considering the high degree of autonomy of municipalities in addressing the housing question and in monitoring the outcomes of its policies the following section will focus on the city of Zurich, which has by far the highest concentration of housing cooperatives and an ambitious program to further increase their role in the provision of affordable housing.

### *Housing policy and housing outcomes in the city of Zurich*

Zurich's current housing policy has its legal and political foundation in a vote in 2011 when the electorate of Zurich approved in a counter-proposal of the city parliament in response to three different initiatives related to housing. The counter-proposal stated that the city government has to develop and implement policies to foster affordable housing. More specifically the proposal, which was supported by 76 percent of the voters, sets the target that by 2050 one out of three apartments in the city of Zurich has to be owned by non-profit housing organizations. To meet this goal the municipal government came up with an encompassing housing policy program based on the following instruments:

- The city buys land and/or houses either to expand public housing or to lease the land and/or houses to other non-profit housing organizations.
- The city (including the city-owned foundations) actively plans and develops public housing projects.
- The city captures increasing property values due to planning (*Mehrwertabschöpfung*) by defining – amongst other things – a share of non-profit or subsidized apartments on that land.
- The city supports non-profit housing through different financial means (direct financial support to housing projects, support to housing organizations, supportive calculations of land value when leased to non-profit housing organizations, support to individual apartments)
- In ground lease contracts between the city and non-profit housing providers, the city defines an appropriate share of subsidized apartments to be built and maintained.
- The city provides targeted housing support for asylum-seekers.
- The city government takes ecological, social and economic goals into consideration when it replaces or renovates its housing stock.

These policy instruments have given a new impetus to housing cooperative on whom the city of Zurich primarily relies to achieve its objectives. Nevertheless, due to the fact that currently also the private building sector is experiencing a boom, there are doubts whether the city will succeed in achieving its goal by 2050. Moreover, increasing the number of dwellings is currently only possible through urban densification, i.e. by replacement the old (and more affordable!) housing stock with new buildings, whose rents -even in the non-profit cooperative sector are bound to be significantly higher. The potentially negative social impacts of urban densification (a process in which also housing cooperatives are actively involved) in terms of displacement of lower-income households is increasingly gaining the attention of scholars and activist (e.g. Debrunner et al. 2020) but so far no detailed data exist on how this ongoing process is affecting housing affordability.

### **Housing cooperatives' contribution to the provision of affordable housing**

As pointed out by Peverini (2022) affordability is a highly debated concept both in academic as well as in policy circles, but to some extent remains rather ambiguous and unprecise indicator that describes the housing situation in a certain area (Hoekstra 2020). With reference to Whitehead (1991) Peverini underlines the link between the emergences of neoliberalism and the paradigm shift from housing need to housing affordability. Housing affordability thus generally relates to the relation between housing costs and income and prescribes as a rule of the thumb that households should not pay more than one third of their income on housing. In Switzerland housing affordability is considered as problematic when households spend more than 25% of their residual income on housing. The percentage of households spending more than this amount is taken as an indicator to assess whether a specific place has housing affordability problem . Another concept links affordability to the market prices, thus defining as affordable housing with a cost below market prices. The cost-rent concept, generally applied by Switzerland's non-profit housing sector, may be considered a sub-concept of the below-market price concept (Peverini 2022: 43). As mentioned earlier, in order to benefit from state support, housing cooperatives in Switzerland have to adhere to the "*Charta of non-profit housing providers*" through which they are obliged, among others, to apply the cost-rent concept to their rents and to renounce to profit-seeking speculation. Their rents thus exclusively include the cost of the capital investment, the cost of management and maintenance and a fixed contribution to a renovation fund. As a result the housing cooperatives offer dwellings at prices significantly below the private market. At national level it is estimated that the rents in housing cooperatives are about 15% lower than in the private rental sector, but this difference is significantly higher in cities with extremely low vacancy rates. In fact, with reference to the city of Zurich, which in 2021 had a rental vacancy rates of only 0.72%, a recent study commissioned by the city of Zurich found that rents in housing cooperatives are in average 27-36% below qualitatively equivalent apartments in the private market, a difference that makes housing cooperatives comparatively very affordable and attractive. In fact, 74% of the cooperative inhabitants

consider their rents in relation to their household budget appropriate or even low as opposed to 53% in the In the private sector (WBG Zürich 2021)

Thus, both by using the concept of cost-rent to define housing affordability as well as by comparing rents in the private sector with those in the private market, housing cooperatives are significantly more affordable. Housing cooperatives also have an indirect impact on housing affordability. As pointed out by Lawson (2019) housing cooperatives have historically benefitted from state support to dampen prices in the private market in period of heated housing prices and even thought their impact on prices in the private market is difficult to quantify, according to the housing economist Thalmann (2019), it is tangible.

### **Who lives in Switzerland's housing cooperatives?**

Housing cooperatives in Switzerland define themselves as public utility organisations aiming at offering affordable non-profit housing to everybody regardless of their socioeconomic status. With this goal they explicitly aim at creating a good social mix and social inclusion, even though –according to the “*Charta for non-profit housing providers*” priority is to be given to families, people with disabilities and the elderly. In particular low-rent apartments are expected to be given to households with low incomes. Whether housing cooperatives adhere to these values and principles is being monitored by the Associations of Swiss Housing Cooperatives, last but not least to counter the attacks liberal political forces and their media, who are critical towards public support to non-profit housing providers. Taking income, household composition, level of education, age and nationality as socioeconomic indicators, the study commissioned by the city of Zurich mentioned above shows that housing cooperative in general are predominantly inhabited by middle- and lower-middle income households and by relatively high proportion of households with children and single parent households. In fact families with children account for one third of the households living in housing cooperatives in a city where about 13.7% of the households have children. Single parents account for 8% of the households in cooperatives, as opposed to 3% in the private sector. With regard to income the study found that the median income of tenants in housing cooperatives amounts to 58'000 CHF as opposed to the private sector where it amounts to 76'000 CHF. Low-income households with an income below CHF 40'000 per year account for 29% of the tenants in housing cooperatives as opposed to 21% in the private sector and households with an annual income of more than CHF 150'000 for only 5% as opposed to 18% in the private sector. Only with regard to the inclusion of people with a migration background housing cooperative are scoring worse than the private sector. In fact, in a city with a foreigners accounting for 36% of the population, in housing cooperatives their proportion is only around 20%, which may indicate that cooperatives remain relatively inaccessible to non-Swiss citizens. The study notes, however, that the more recent migrants to Zurich are generally high income people from Western and Northern Europe who can afford the higher rents in the private market. Nevertheless, also the proportion of extra-European migrants with generally lower incomes is underrepresented in housing cooperatives. Under

Zurich's current policy framework only those cooperatives that obtain support from the city in the form of land and finance are bound to allocate 20-30% of their dwellings for subsidized social housing. In total, however, only about 1.7% of Zurich's cooperative apartments fall under this category. Housing cooperatives are basically autonomous organisations and to which extent they purposefully select their members/tenants based on socioeconomic and demographic criteria is by and large left to themselves. Our micro-level case studies of a sample of housing cooperatives in Zurich and Winterthur showed that each cooperative has its own values and principles when it comes to the selection of tenants. For example, a representative of a housing cooperative in Winterthur argued "*...we believe that everybody should have an equal right to access our housing; nobody expects better-off people to pay more for their milk only because they have a higher income, so why should they pay more for housing?*". This cooperative, which just completed the construction of a new project, purposefully selected its new members randomly, without even asking the applicants' income. Another cooperative in the same city, which also recently completed a project argued in favour of a careful selection of the tenants that should reflect the socioeconomic and demographic profile of the city. Interestingly, as per our informants, both strategies by and large led to the same result, i.e. a good social mix.

The reason why housing cooperatives may not attract higher income people in spite of their superior architectural quality is related to the fact that in order to obtain public support they have to build in line with specific standards: to reduce costs and environmental impact they have to keep the consumption of square meters pro capita low. This is achieved for example by building smaller apartments, but also by restricting the number of rooms allowed for each household. Indeed in general housing cooperatives allow households to own only one room more than their household members. As a result the average amount of square meters pro capita in housing cooperatives is about 32 m<sup>2</sup> in a country where the average consumption of inhabited space per inhabitant is of approximately 46 m<sup>2</sup>.

Many cooperatives also apply other measure to keep their housing accessible. For example, their inhabitants while enjoying a security of tenure only have a usufruct right to their dwelling, which cannot even be passed to their children. While they are entitled to a large apartment if their household size grows, In case it shrinks they have to move to a smaller one. These regulations can only be enforced in relatively large housing cooperatives, but may reduce the attractiveness of housing cooperatives amongst higher income households.

To conclude, it may be said that there are a number of instruments that ensure that housing cooperatives in general comply with their commitment to provide affordable housing to lower- and middle income households with a particular focus on families with children and elderly people. However, because accessing cooperative housing requires knowledge about the Swiss housing system and due to the fact that there is a very low turnover of tenants in housing cooperatives accessibility is still not sufficiently ensured to low-income households with a migration background.

## **Are Swiss cooperatives sufficiently protected from commodification?**

Swiss housing cooperatives are very heterogeneous with regard to their origin, size, values but they all share the same goal of withdrawing housing from the rent-seeking and speculative housing market. They thus all adhere to the principle of collective ownership, democratic management and non-profitability. Cooperative members are co-owners of a common property and accordingly, as pointed out by Balmer and Bernet “*since cooperative members obviously have no incentive to extract profit from themselves, it seems plausible that they manage their housing as non-commodified*” (Balmer and Bernet 2015:188). Furthermore, there are several restrictions in turning housing cooperatives into private property. First of all, the dissolution of a housing cooperative requires the agreement of two-thirds of the cooperative assembly, which in case of large cooperatives is almost impossible to obtain. Moreover, public support in the form of finance and land is contingent upon permanent withdrawal from speculation. In fact, the vast majority adheres to the principles of decommodification by adhering to the “*Charta of non-profit housing providers*” whose Article 1 states that non-profit providers withdraw their housing from speculation, refrain from seeking profits and rent out their apartment based on a cost-rent model. This entails calculating the rent on based on the interest rate of the borrowed capital, the cost of maintenance and administration and the accrual of reserves for renovations. As was mentioned earlier, adherence to the Charta and membership in one of the Cooperative Umbrella organisations is a condition for accessing public financing and often also land. Only once a cooperative has fully repaid its loans it is theoretically possible to sell the property but as was mentioned above, requires the support of 2/3 of the members. Such majority can hardly be achieved, in particular for large cooperatives.

## **Analytical summary and conclusions**

This paper has shown that housing cooperatives in Switzerland historically played and continue to play an important role in the provision of affordable housing, in particular in its main cities that are more severely confronted with housing shortages. The paper showed that also in Switzerland the national government, while providing an overall housing policy framework gradually withdrew from a direct support to the supply of affordable housing. Only limited financial instruments exist at national level to enable housing cooperatives to emerge. These however are important because the conditions attached to accessing these instruments ensure cooperatives’ durable commitment to non-commodifiable affordable housing and that is primarily targeting social segments disadvantaged in the private market. Furthermore, the relatively minor financial support from federal level institutions is complemented by support at the municipal level and together allows to generate enough equity to raise additional capital for their project from private financial institutions. Nevertheless, if in several Swiss cities, housing cooperatives after a period of stagnation are once again growing this is primarily thanks to local level

policies and support mechanisms and in particular to municipalities' offering public land to housing cooperatives on leasehold contracts. Such leasehold contracts typically have a duration of 60-90 years and are renewable. Apart from protecting public land from speculation, through cooperatives' payment of annual rents, they generate regular revenues for the municipality. These instruments are encouraging old housing cooperatives to grow and enable a new generation of housing cooperatives to emerge.

While no data are available at national level, a recent study with a focus on the Canton of Zurich where the highest concentration of housing cooperatives can be found, shows that housing cooperatives offer housing of superior quality at prices significantly lower than the private market. In general it was shown that they also comply with their formal commitment to generate mixed communities but also to give priority to socially disadvantaged households. This objective is achieved through a number external as well as internal regulations. Indeed, housing cooperatives, enjoy a high degree of autonomy in the selection of their tenants. Only in some cities, such as for example Zurich, support to the construction of new cooperatives is attached to the condition of making a certain percentage of apartments available to the city for social housing, but these account for less than 2% of the cooperative housing stock.

It may thus be concluded that Swiss housing policies are well-designed to protect a certain portion of the housing stock from commodification, but that the financial and other enabling instruments are currently not sufficient to generate sufficient affordable non-profit housing. As a result, the cost of housing and percentage of households facing housing affordability problems over the last two decades have been rapidly increasing. In fact, the success of Swiss housing cooperatives should not overshadow the fact that "Housing policy in Switzerland is couched within a system dominated by private players in a commodified rental market" (Lawson 2009: 61), a reality that is unlikely to change in the near future.

## References

Baiges, C. et al. (2020). International policies to promote cooperative housing. Barcelona, LaDinamo & Lacol (Av. online)

Balmer, I. and T. Bernet (2015). Housing as a common resource? Decommmodification and self-organization in Housing. Examples from Germany and Switzerland. In: M. Dellenbaugh, M. et al. (Eds.). *Urban commons: moving beyond state and market* (Vol. 154). Birkhäuser, pp. 178-195.

Balmer, Ivo, und Jean-David Gerber (2018). Why Are Housing Cooperatives Successful? Insights from Swiss Affordable Housing Policy. *Housing Studies* 33(3):361–85.

Banz, Esther, Ruedi Weidmann, Urs Fitze, und Reto Schlatter (2016). *Rundum ABZ: Allgemeine Baugenossenschaft Zürich 1916-2016*. Zürich: ABZ.

Boudet, D. ed. (2017). *Wohngenossenschaften in Zürich. Gartenstädte und neue Nachbarschaften*.

- BWO (2018). *Mehr bezahlbare Wohnungen. Volksinitiative und Rahmenkredit zur Aufstockung des Fonds de Roulement. Zusatzbericht der Verwaltung zuhanden der WAK-N*. Bundesamt für Wohnungswesen
- Caduff, C. and J-P. Kuster (2000). *Wegweisend wohnen. Gemeinnütziger Wohnungsbau im Kanton Zürich an der Schwelle zum 21. Jahrhundert*. Zürich und Frankfurt: Verlag Scheidegger&Spiess.
- Capol, Jan. (2000). *Die Sehnsucht nach Harmonie: eine semiotische und mentalitätsgeschichtliche Interpretation der Fassadenbilder der Zürcher Baugenossenschaften*. Zürich: Chronos Verlag
- Cuennet, Stéphane, Philippe Favarger, und Philippe Thalmann (2002). *La politique du logement*. Lausanne: Presses polytechniques et universitaires romandes.
- Debrunner, G., Hengstermann, A. and Gerber, J.D (2020). The business of densification: Distribution of power, wealth and inequality in swiss policy making. *Town planning review*, 91(3), pp.259-282.
- Duyn Barenstein, J. et al. (2021). Struggles for the decommodification of housing: The politics of housing cooperatives in Uruguay and Switzerland. *Housing Studies*, 37(6), pp. 955-974.
- Ferreri M. and L. Vidal. (2021). Public-cooperative policy mechanisms for housing commons”, *International Journal of Housing Policy*, pp. 1-19.
- Hoekstra J. (2020) Comparing local instead of national housing regimes? Towards international comparative housing research. *Critical housing Analysis*, 7(1): 74-85.
- Koch, P. (2021). The role of housing cooperatives in Switzerland. Long-term institutional analysis of national and municipal housing policy processes and outcomes. Zurich, ZHAW. Working Paper.
- Lawson, J. (2009). The Transformation of Social Housing Provision in Switzerland Mediated by Federalism, Direct Democracy and the Urban/Rural Divide“. *European Journal of Housing Policy* 9(1):45–67.
- Pattaroni, L, and V. Marmy (2016). *Les coopératives de logements dans le canton de vaud*. Etat de Vaud, Département des institutions et de la sécurité.
- Thalmann, P. (2019). Genossenschaften haben ganz klar eine preisdämpfende Wirkung. *Wohnen* 2019/4: 10-14.
- Peverini, M. (2022). How to promote rental housing affordability in European cities? New theoretical ground from the cases of Milan and Vienna. Milano: Politecnico, unpublished PhD thesis.
- Whitehead, C. (1991). From need to affordability. An analysis of the UK housing objectives. *Urban Studies* 28/6: 871-887.
- WBG Zürich (2021). *Gemeinnütziges Wohnen in Stadt und Kanton Zürich. Kennzahlen zu Wohnungsangebot, Mieten und Bewohnerschaft*. Zürich: WBGZ (Av. online).
- WBG Zürich (2018). *Partner für Nachhaltiges Wohnen. Gemeinden und Wohnbaugenossenschaften*. Zürich: WBGZ (Av. online).