

Homes for People

How Nordic policies can improve Australia's housing affordability

Australia's housing affordability crisis results from over-reliance on just two options – private home ownership and private renting. To tackle it, a wider repertoire of policies is required. Nordic nations' widespread provision of public housing and housing co-operatives, priority for homes to live in rather than invest in, and effective reduction of homelessness, show how this can happen.

Professor Andrew Scott, Dr Sidsel Grimstad, Dr Heather Holst.

April 2022

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Level 1, Endeavour House, 1 Franklin St
Canberra, ACT 2601
Tel: (02) 61300530
Email: mail@australiainstitute.org.au
Website: www.australiainstitute.org.au
ISSN: 1836-9014

Summary

It is no secret that housing is expensive in Australia. Buying a house is hard, being a renter has many of its own problems and a shocking number of people do not have a secure place to call home at all.

While these issues are prominent in Australia, discussion of alternatives is narrow. It is almost as if there is no way of housing people other than private ownership and private rental. Homelessness is treated as unavoidable at best, or the fault of the homeless at worst. Public housing gets an occasional mention before more money is thrown at discredited policies that ultimately benefit private owners and investors. This situation seems all-the-more unavoidable when we look for alternatives in the Anglosphere but find most of the same problems.

The Nordic Policy Centre was established by The Australia Institute and Deakin University to respond to exactly this kind of situation. Of course there are alternatives. Australia can learn from policies that are already in practice in Nordic countries, if it so chooses.

This report brings together three essays from writers with knowledge of Australian and Nordic social policy, with a focus on housing and homelessness:

Professor Andrew Scott gives a brief history of social housing in Australia, from the widespread public housing construction of the post-WWII period to the subsequent “triumph” of private homeownership and the stigmatisation of “welfare housing”. Public housing supported by Commonwealth State Housing Agreements kept alternatives available through the 1960s, including innovative policies such as rebates provided to tenants whose rental costs exceeded 20 per cent of income. Reduced resources from state and federal governments after the mid-1970s saw state housing authorities close to collapse in the early 1980s.

From the mid-1980s to the mid-1990s the Commonwealth shifted most of its funding to assist payment of rent including for tenants in the private sector, rather than giving more support to the States to supply public housing. By the early 1990s, there was a clear shortage of housing for people on low incomes, which of course continues to the present day.

The effects of this are shocking – nearly 14 per cent of Australians today live in poverty after their housing costs are taken into account. That proportion rockets up towards 50 per cent among public renters. The number of low-income private renter

households in rental stress – paying more than 30 per cent of their income on rent – has doubled since the mid-1990s to now exceed 700 000 households.

Australia has around 200 rental housing co-operatives in Australia today which mostly offer social housing. This is a very small sector compared to the much more substantial co-op housing sectors in all Nordic countries. Further, in Sweden, public housing represents more than triple the proportion of all housing that public housing amounts to in Australia. The most famous manifestation of public housing in Sweden was the 'Million Programme' whereby the national government built one million dwellings between 1965 and 1974.

Australia should recover some of its own past successful approaches to housing provision; and consider adopting successful approaches from Nordic countries. Construction workers' unions in those countries helped to create the co-operative entities which have brought lasting positive legacies for the financing of affordable housing there. Australian industry super funds already have aspects of Nordic management arrangements in that they bring together unions and employers. The trillions of dollars they manage could help invest in low-return, but very safe, ventures like building new housing, with appropriate government regulation and support.

Dr Sidsel Grimstad's essay is an introduction to co-operative housing in Denmark, Sweden and Norway. In Australia the term might conjure up images of small hippie communes, but in Nordic countries co-operatives are mainstream and a large portion of housing stock. In Denmark the rental co-operative sector houses one-fifth of the nation's population and is growing. Sweden's housing co-operatives amount to approximately one million dwellings, or 22 per cent of the total housing stock, while in Norway this figure is 15 per cent nation-wide, but 40 per cent in the capital, Oslo.

Equity-based housing co-operatives are found in Denmark, Sweden and Norway. They are similar in many ways to strata title in Australia, except that a housing co-operative is 'user-owned' while strata title is often 'investor-owned'. The owner of a co-operative dwelling is required to be an owner-occupier – you need to live in the dwelling you have bought. Key similarities across Nordic equity-based co-operatives include:

- All members have equal votes, unlike in a strata title where influence is according to cost of dwelling.
- They are supported by housing associations which provide guidance, training and support to co-op members in property management, maintenance and governance.
- Legal obligations for high-quality building and maintenance.

Importantly, there are substantial differences between and within the systems of the different Nordic countries. For example, rental co-operative housing is found primarily in Denmark, where it is called *Almenboliger*. Here, tenants do not own their dwelling but rent it from a non-profit housing organisation. Tenants are actively involved in decision-making, management and maintenance.

Almenboliger administrators are responsible for providing support for priority and vulnerable groups such as elderly residents, and for people with disabilities. The low-entry rent in addition to means-tested rental subsidies results in a broad social mix of tenants. *Almenboliger* housing offers low rents due to lower construction costs, favourable private and municipal loans and its non-profit orientation. Revenues from rents are kept within the sector and reinvested in new housing projects or upgrading older buildings.

Sweden's large co-operative building associations at the national and regional levels build and sell housing units to tenant owner societies of individual housing co-operatives at the local level. Typically, the co-op member is responsible for contributing equity of around 75 to 80 per cent of the costs of the dwelling, while the housing co-operative covers the remaining costs through a collective loan often obtained on concessional terms. Members pay rent to the co-op, both to repay the co-op loan and cover maintenance of shared areas.

Local government authorities in Norway have the right to priority purchase or occupy ten per cent of units in a housing co-operative complex, to house people who are unable to purchase housing themselves. Housing co-operatives in Norway, and in particular Oslo, have been vital for securing decent housing for immigrants and for older people to age in place by down-sizing within the co-operative.

The key point across all these schemes is that surpluses do not go towards paying dividends to investors but are instead channelled back into building more housing. This ensures a steady supply of high-quality housing and reduces overall price pressures in the market.

Dr Heather Holst presents Finland's impressive achievements in reducing homelessness and the current government's policy to eliminate homelessness by 2027. From over 16 000 people homeless in the late 1980s, Finland has reduced this number down to 4 542 people in 2020. This is less than 1 per 1000 people, compared with Australia's total of 116 427 people, or nearly 5 per 1000.

The Finnish approach to tackling homelessness features close co-operation between different tiers of government, civil society groups, the Finnish Construction Trade Union, the Finnish Association for Mental Health, the Finnish Red Cross and more.

Much of this co-operation is centred on the Y-Foundation, a not-for-profit agency founded in 1985 specifically to acquire housing for lone adults who are homeless.

The Y-Foundation is now the fourth largest landlord in Finland, holding 18 000 apartments and operating in 57 cities and municipalities. Some of its homes are directly let to people experiencing homelessness and those who are at risk of becoming homeless, while others are let to local governments which then sublet to local residents in the same circumstances.

An important aspect of Finland's homelessness work has been data collection. In 1987 a survey of homelessness was conducted that has since become an annual study. With now over 30 years of data, it is an important mechanism for tracking progress and understanding changes in homelessness.

Another significant response has been the establishment of an expert working group in 2007. It has produced three major strategy documents founded on the 'Finnish Housing First Principle':

Solving social and health problems is not a prerequisite for arranging housing, but instead housing is a prerequisite that will also enable solving a homeless person's other problems.

One notable feature across all three strategy documents has been a focus on housing people after prison without the gap upon release that is such a problem in Australia. Services are provided before release based on a social work approach of coordinating support services and arranging housing prior to discharge. While this sounds like a simple solution, it is one that most other countries have failed to adopt at the necessary scale.

Finland's success is based on the notion that people have a right to decent housing and to useful social services. This seemingly simple concept is actually radically inclusive compared to the philosophy of many other countries when responding to homelessness.

The notable features here for the Australian observer are the persistence and innovation of effort across many years and numerous governments. The Finns have achieved much more of a consensus position, and this has translated to effective action built upon tracking the results and changing things that did not work well enough.

BRINGING NORDIC APPROACHES TO HOUSING PROVISION INTO AUSTRALIA'S POLICY DEBATE

Professor Andrew Scott

Two recent developments show that Australia can do housing differently. The Victorian Government has made a major commitment to build more social housing,¹ and the Federal Opposition has made a commitment to fund the building of 30 000 new dwellings, if elected.²

These developments are welcome shifts in Australia's housing policy, that is otherwise striking for its prioritisation of investors over tenants, and its focus on just two forms of housing: private homeownership and private renting. By contrast, Nordic housing policy has the overriding objective to house all people securely. It features not just higher levels of public housing, but a wide range of arrangements and policy settings that can help steer Australia's potential moves in this direction.

The proportion of social housing in Australia is estimated to have fallen from above seven per cent of all housing in the early 1990s down to just four per cent in 2019.³ By contrast Sweden has more than triple the proportion of public housing found in Australia.

Recent attempts at government regulation and reform to make housing more affordable in Australia have been strongly resisted by private vested interests. Past government promises to increase public housing have never been given sufficient funding or policy support to succeed.⁴ Building on the small stock of public housing which survives in Australia is one of several policy approaches about which we can learn from Nordic examples.

For the purposes of this report the term 'public housing' refers to dwellings owned and managed by state and territory housing authorities to provide affordable rental accommodation. The other main component of 'social housing' in Australia is rental housing provided by community not-for-profit organisations, usually receiving a government subsidy, for people who have difficulty gaining housing in the private market. Those people include: low-income families, people who are homeless or at imminent risk of becoming homeless, people living with a disability, people

¹ See: <https://www.premier.vic.gov.au/building-new-homes-more-victorians>

² Housing Australia Future Fund, https://alp.org.au/policies/housing_future_fund

³ <https://www.abc.net.au/news/2019-08-12/fact-check-social-housing-lowest-level/11403298>

⁴ P. Troy, *Accommodating Australians: Commonwealth Government Involvement in Housing*, The Federation Press, Sydney, 2012, pp. 189, 192.

experiencing family and domestic violence, and Indigenous households. Tenants in this form of social housing pay rent at a lower than market rate, and the difference between the two is made up by subsidies.

In Australia, in the 1940s post war reconstruction period, national governments supported widespread public housing. In those years, Australia accommodated a larger proportion of its people in affordable, long-term rental dwellings than it does today. That was an achievement which overcame significant previous shortages, and very poor-quality living conditions, which had been damaging to people's health.

However, that commitment reduced dramatically from the late 1950s with an overwhelming "swing to", and then "triumph of", private homeownership which moved public renters into a stigmatised "welfare housing" category. While there was an "attempted resuscitation of public housing" from the early to mid-1970s, after the mid-1980s public housing became seen increasingly as "residual welfare" housing.⁵

During the 1960s public housing, funded by a series of Commonwealth State Housing Agreements (CSHAs), still provided a distinct alternative for many working families. As homeownership came within the reach of public tenants and lower-income households, the CSHAs facilitated the sale of some public housing stock to them on generous terms. Those who remained as renters in public housing were charged affordable rents, with rebates provided to tenants whose rental costs exceeded 20 per cent of income. Private renting was seen as a transitional tenure, serving the needs of many young people while they saved for home purchase or waited to gain access to public housing.⁶

Reduced resources from the national government to the states under CSHAs from the late 1970s, however, made public housing in Australia very narrowly targeted. Tenants increasingly came from households which faced multiple disadvantages. The number of public housing dwellings built each year by the States kept falling to the point where state housing authorities came close to collapse in the early 1980s. From the mid-1980s to the mid-1990s the Commonwealth shifted most of its funding to assist payment of rent including for tenants in the private sector – rather than giving more support to the States to supply public housing. By the early 1990s, there was a clear shortage of housing for people on low incomes. It was evident that many people in need were not being assisted as waiting lists for public housing grew longer. Further, the housing in which public renters lived was in much greater need of repair than

⁵ Ibid., pp. 116-201.

⁶ J. Yates, 'Housing, Housing Costs and Poverty', in P. Saunders (ed.), *Revisiting Henderson: Poverty, Social Security and Basic Income*, Melbourne University Press, Melbourne, 2019, pp. 215-216.

other types of housing, and too much Commonwealth housing stock had been sold. Then, from the mid-1990s, capital funding for public housing was cut further.⁷

Prior to the 1980s co-operative building societies were important savings and credit institutions in Australia which helped provide affordable finance for construction of individual housing. There are around 200 rental housing co-operatives in Australia today which mostly offer social housing.⁸ This is a very small sector compared to the substantial co-op housing sectors in all Nordic countries. Co-operative housing is a user-owner model, unlike the investor-owner model that is the foundation for both private ownership and private rental in Australia. The co-operative housing approach which requires owners to live in the dwelling, and which thereby prevents the homes from becoming investment objects, can now be expanded. Doing this will help provide the “missing middle” of affordable housing for low to middle income earners who just want a secure and decent place to live.⁹ Developing a sector that has as its primary goal to provide secure and quality housing for lower income and vulnerable groups is an important policy objective strongly needed in Australia.

There was an effort in Australia from 2007 to return the policy focus to increasing the *supply* of affordable rental housing, by encouraging large-scale institutional investment in rental housing to build on the role played by community providers.¹⁰ Nevertheless the general trend in the supply of affordable private rental housing to lower-income households in Australian cities has been one of steady decline since the mid-1990s.¹¹

The people in Australia most at risk of problems arising from high housing costs are low- to moderate-income home buyers and low-income renters, particularly single people and sole parents renting privately. Nearly 14 per cent of Australians overall today live in poverty after their housing costs are taken into account. That proportion rockets up towards 50 per cent among public renters.¹² Further, the number of low-income private renter households in rental stress – paying more than 30 per cent of

⁷ Troy, *Accommodating Australians*, pp. 181-182, 183, 188, 210, 213, 215, 219-220, 225.

⁸ L. Crabtree, N. Perry, S. Grimstad and J. McNeill, ‘Impediments and Opportunities for Growing the Co-operative Housing Sector: An Australian Case Study’, *International Journal of Housing Policy*, Vol. 21, No. 1, 2021, pp. 138-152.

⁹ A. Apps, ‘Housing the ‘Missing Middle’ – The Limited Equity Housing Co-operative as an Intermediate Tenure Solution for Australia’s Growing Renter Class’, *Australian Property Law Journal*, Vol. 29, 2021, pp. 25-50.

¹⁰ Yates, ‘Housing, Housing Costs and Poverty’, p. 219.

¹¹ K. Hulse, M. Reynolds, C. Nygaard, S. Parkinson and J. Yates, *The Supply of Affordable Private Rental Housing in Australian Cities: Short-term and Longer-term Changes*, AHURI Final Report 323, Australian Housing and Urban Research Institute, Melbourne, 2019, p. 5.

¹² Yates, ‘Housing, Housing Costs and Poverty’, pp. 222, 224, 226.

their income on rent – has doubled since the mid-1990s to now exceed 700 000 households.¹³

A stronger emphasis on public housing provision is now needed to increase the availability of affordable rental housing for lower-income households, in the locations where it is most needed. As part of this, more subsidies are needed to increase the financing capacity of community housing providers.¹⁴

An alternative history of housing policy played out in Sweden. From the late 1940s and continuing right through to the 1990s, when in government, the Social Democratic Party invested in widespread public rental housing. The Swedish word *Folkhemmet* became a view of the nation as ‘The People’s Home’, which has been central to that party’s identity, and to its electoral and policy success.

Policy in Sweden following World War Two was for close national government co-operation with local authorities to produce and manage rental housing. Its most famous manifestation was in the ‘Million Programme’ whereby the Swedish government built one million dwellings between 1965 and 1974. This helped housing of high-quality standard to become widely available for the people of Sweden.

From the 1970s one fifth of all homes in Sweden were “sound, spacious, well-planned and efficiently equipped dwellings of reasonable cost” rented from public local authorities. In contrast to Australia and Britain, public housing in Sweden during the 1980s was seen as a resource “not to be squandered”.¹⁵

As a result, today, of the more than 30 per cent of all Swedes who live in rental housing, over half live in municipally owned public rental housing. These houses provide freedom in everyday life, good service, predictable accommodation expenses and an opportunity for tenants to exert an influence on the environment in which they live.¹⁶

Various different ways of financing housing provision have been canvassed to help tackle Australia’s affordability crisis since the advent in 2018 of the National Housing Finance and Investment Corporation (NHFIC). Among important points the NHFIC

¹³ Productivity Commission, *Vulnerable Private Renters: Evidence and Options*, Research Paper, Australian Government, Canberra, September 2019, pp. 2, 5, 17, 55.

¹⁴ Yates, ‘Housing, Housing Costs and Poverty’, pp. 228-230.

¹⁵ T. Strömberg, ‘The Politicization of the Housing Market: The Social Democrats and the Housing Question’, in K. Misgeld, K. Molin and K. Amark (eds), *Creating Social Democracy: A Century of the Social Democratic Labor Party in Sweden*, Pennsylvania State University Press, Pennsylvania, 1992, pp. 237-239, 253; 256-257; 260-264.

¹⁶ <https://www.sverigesallmannytta.se/in-english/public-housing-in-sweden/>

needs to consider is that, in northern European cities, pension funds play a positive role financing innovative housing ventures. In Australia, by contrast, trillions of dollars in superannuation funds are not used for these purposes.

As pointed out in *The Nordic Edge* book, industry superannuation has some positives – such as a model of governance bringing together both trade unions and employers. However, it also has some negatives, such as basing retirement income on contributions made from time in the paid workforce, which privileges people who work uninterrupted with full-time jobs – i.e. men – and which thus extends gender inequalities into retirement.¹⁷

Another negative is that Australia does not encourage super funds to invest in low-returning, but very safe, ventures like building new housing. The idea has thus been canvassed that Australia needs legislative change, not just to allow funds to invest in innovative and affordable housing initiatives – but in fact to require a small but dedicated, fixed percentage of such investment from *all* funds for this purpose.¹⁸ The collective capital in Australian superannuation funds, if supported by governments to be invested in this way, can help improve many fund members' chances of gaining the affordable housing which those members will need in order to attain a secure and decent retirement.

The next section of this report outlines the role of housing associations and *co-operatives* in Denmark, Sweden and Norway. It includes explanation of how construction workers' unions in those countries helped to create those entities, which have brought lasting positive legacies for the financing of affordable housing there. Superannuation funds might now be able to take similar steps in Australia if the national government supports them to do so.

Governments in Australia need to further increase social, including public, housing; to recover some of Australia's own past successful approaches to housing provision; and to consider bringing into its policy repertoire some other approaches, learning from Nordic countries, in order to reduce our unsustainable over-reliance on private homeownership and private renting.

¹⁷ A. Scott and R. Campbell (eds), *The Nordic Edge: Policy Possibilities for Australia*, Melbourne University Press, Melbourne, 2021, pp. 140, 101.

¹⁸ Proposed by Melbourne urban geographer Dr Kate Shaw in: C. Lucas, 'Walls to building green housing tumble in Berlin', *The Age*, Melbourne, 8 April, 2016.

CO-OPERATIVE HOUSING IN DENMARK, SWEDEN AND NORWAY

Dr Sidsel Grimstad

In Australia the concept of a housing co-operative, might stereotypically be perceived as living in a 'hippie' commune on the land, or a 'communist' collective where everything is shared. While some co-operatives may be organised as intentional communities, with particular objectives, the Scandinavian co-operative housing sector is a mainstream form of housing which offers individually owned or rented dwellings, mostly in cities, which are good quality and well-maintained, and where residents are actively engaged in management and decision-making.

Denmark, Sweden, and Norway all have large co-operative housing sectors although there are substantial differences between the countries. A *co-ownership* model of equity based co-operative housing is found in Denmark, Sweden and Norway; while *rental* co-operative housing is found primarily in Denmark.¹⁹ It is important to also note that tenants' rights in private rental are much stronger in Nordic countries than in Australia. Both in Sweden and Denmark, with well-established tenant movements, rent-setting is highly regulated and negotiated centrally for both private and public landlords.²⁰

Housing co-operatives are also known as a form of indirect ownership, and sometimes referred to as co-ownership.²¹ They are defined as when "the building or property is owned by a legal entity (co-operative) of which the residents are members and joint owners".²² The membership gives individual rights of use, control, and disposition for members' own dwellings, while the shared spaces and property are owned jointly and managed collectively with the other members. This model is also called an 'equity'-based co-operative. In this type of co-operative, the price of the dwelling may be set

¹⁹ B. Karlberg and A. Victorin, 'Housing Tenures in the Nordic Countries' in M. Lujanen (ed.), *Housing and Housing Policy in the Nordic Countries*, Nordic Council of Ministers, Copenhagen, 2004, pp. 57-77. See further: L. Crabtree, S. Grimstad, J. McNeill, N. Perry and E. Power, *Articulating Value in Co-operative Housing: International and Methodological Review*, Western Sydney University, Sydney, 2019, pp. 77-97.

²⁰ B. Bengtsson, H. Ruonavaara and J. Sørvoll, 'Home Ownership, Housing Policy and Path Dependence in Finland, Norway and Sweden', in C. DeWilde and R. Ronald (eds), *Housing Wealth and Welfare*, Edward Elgar, Cheltenham UK, 2017, pp. 60-84; L. Noring, D. Struthers and A. Grydehøj, 'Governing and Financing Affordable Housing at the Intersection of the Market and the State: Denmark's Private Non-Profit Housing System', *Urban Research & Practice*, 2020, pp. 1-17.

²¹ See E. Annaniassen, *Boligsamvirkets Historie i Norge: Tidene Skifter*, Gyldendal, Oslo, 1991.

²² Karlberg and Victorin, 2004, p. 62.

by the market, or it may be capped (to accommodate low-income buyers). Members can access mortgages from most banks to buy an equity based co-operative dwelling which is often lower priced than private ownership. In addition, members pay rent to the co-operative to ensure maintenance of shared spaces and gardens.

An equity-based housing co-operative is similar in many ways to strata title in Australia, where a body corporate of the residents manages the shared spaces jointly. But the main difference is that a housing co-operative is 'user-owned' while strata title is 'investor-owned'. One consequence of the investor-owned approach to apartment ownership in Australia is that most of the housing units are owned by absentee landlords, while the residents are mainly tenants.²³ In Nordic countries the owner of a co-operative dwelling is *required* to be an owner-occupier, i.e., as an owner of a co-operative dwelling you cannot rent it out for extended periods, nor can investors buy co-operative dwellings for rental purposes: you need to live in the dwelling you have bought.

Advantages of the housing co-operative that flow from this basic premise include that:

1. In a housing co-operative all members have equal votes, unlike in a strata title where influence is according to cost of dwelling (i.e., the owner's investment).
2. Housing co-operatives in most countries are strongly supported by federations and associations which provide guidance, training and support with property management and maintenance.
3. Housing co-operatives by their legal nature must provide 'value' to the members who are also occupants, so the quality of the build and maintenance is higher. In Nordic countries, housing co-operatives are also by law required to ensure that rent collected is high enough to ensure quality maintenance.

In non-equity, or *rental*, housing co-operatives, tenants do not own their dwelling but instead rent it affordably from a non-profit housing organisation.²⁴ In rental co-operatives, tenants are actively involved in decision-making and management of maintenance and outdoor areas.

This will not be the preferred form of homeownership for everyone. However, rental housing co-operatives provide longer lease terms, which provide a more secure and stable form of housing than private rental. This is particularly valuable, for instance, for single parents to prevent inter-generational disadvantage to children who risk losing

²³ See further Apps, "Housing the 'Missing Middle'", p. 25.

²⁴ Noring, Struthers and Grydehøj, 'Governing and Financing Affordable Housing at the Intersection of the Market and the State', 2020.

continuity in schooling and friendship groups; and to older residents wanting to age in place.

In **Denmark** the rental co-operative sector now meets the housing rights of, and provides security of tenure and affordable housing for, one-fifth of the nation's population.²⁵ As such it deserves closer study by Australia as one of the options to tackle the serious crisis of housing affordability here.

The Danish *Almenboliger*, which are equivalent to non-equity or rental co-operatives, provide a supply of 560 000 affordable dwellings. Their numbers are increasing due to available funds for construction. In recent decades many private rental apartments have been converted to *Almenboliger* as private landlords sell their units to the private non-profit housing associations in a rental market that is strictly regulated. This has resulted in *Almenboliger* becoming a sector larger than the private rental housing sector. *Almenboliger* originally emerged from a collaboration between co-operative housing associations and labour unions – thereby establishing ethical, not-for-profit private housing developers.

Tenancy is provided as a guarantee of housing security after allocation administered by waiting lists. Municipal councils can allocate up to 25 per cent of *Almenboliger* dwellings to groups with special needs; and in Copenhagen this can be up to 33 per cent.

The low-entry rent makes these dwellings affordable for most low-income families. In addition, the municipality can provide rent assistance for tenants who need it. Housing administrators are responsible for providing support for priority and vulnerable groups such as elderly residents, and for people with disabilities. Importantly, the low-entry rent in addition to means-tested rental subsidies results in a broad social mix of tenants in *Almenboliger*.

Almenboliger housing offers low entry-level rents due to lower construction costs, favourable private and municipal loans, and its non-profit orientation. Revenues from rents are kept within the sector and reinvested in new housing projects or upgrading older buildings. The upgrade and high-quality maintenance of buildings is important not only for current residents, but also to continue the appeal of the *Almenboliger* to a wide range of people.

Financing for new housing complexes comes from three sources. The State and the Housing Association jointly take up a loan (*realkreditlån*) in the form of housing bonds (state bonds) covering 88 per cent of the cost. The loan is considered very low risk as it

²⁵ Ibid., p. 4.

is guaranteed by the property and has a repayment period of 30 years. Local councils cover 10 per cent of construction costs in the form of interest free loans. These loans are repaid when the *Almenboliger* association can afford it, up to a maximum of 50 years after construction. The central government and municipal loans always cover 98 per cent of the costs, but the division between central government and municipal shares can change. This flexibility is actively used by Denmark's central government to either increase or slow down construction of new developments. The remaining 2 per cent is covered by tenant rental fees.²⁶

The majority of *Almenboliger* construction costs are financed through loans in the bonds market, with the National Housing Development Fund acting as guarantor. The accumulated wealth in the National Housing Development Fund is of major importance for the financial sustainability of the *Almenboliger* sector. While initially the fund was only able to be used for renovation of existing housing stock, due to substantial availability of funds it is now also used for building new *Almenboliger* housing estates.²⁷

Due to their quality maintenance and affordable rent, *Almenboliger* are attracting renewed interest, including many young people who would rather rent a dwelling close to the city than own a house in far-flung suburbs or beyond.²⁸ *Almenboliger* in Denmark thus provide an example of housing which is affordable and which offers a genuine opportunity for people on low incomes who want to live in inner-city areas.

The Danish mix of housing stock is a clear result of the prevalence of social democratic ideologies which have supported equality and long-term investment in the rental sector, according to not-for-profit principles.²⁹ The *Almenboliger* associations now have considerable wealth that can be used for future construction with little government involvement.

In **Sweden**, housing co-operatives amount to approximately one million dwellings, or 22 per cent of the total housing stock.³⁰ The co-operative housing sector provides

²⁶ See further: Crabtree et al., *Articulating Value in Co-operative Housing*, 2019, pp. 89-90.

²⁷ Boverket [Swedish National Board of Housing, Building and Planning], *Den sociala bostadssektorn i Europa. Jämförelser mellan sex EU-länder*, Report No. 16, Karlskrona [Sweden], 2016.

²⁸ Ibid.

²⁹ S. Alves, 'Poles Apart? A Comparative Study of Housing Policies and Outcomes in Portugal and Denmark', *Housing, Theory and Society*, Vol. 34, No. 2, 2017, pp. 221-248; Noring, Struthers and Grydehøj, 'Governing and Financing Affordable Housing at the Intersection of the Market and the State', 2020.

³⁰ CECODHAS Housing Europe and International Co-operative Alliance, *Profiles of a Movement: Co-operative Housing around the World*, Brussels, 2012, p. 70; Alice Pittini, Laurent Ghekière, Julien Dijol and Igor Kiss, *The State of Housing in the EU 2015*, Housing Europe, Brussels, 2015, p. 86.

housing to 1.6 million people, which is around 17 per cent of Sweden's total population.

The Swedish housing co-operative movement began as a collaboration between the Tenants Savings Banks and Building Association (HSB), and the National Federation of the Tenant Movement Associations. After 1945, when the historic decision was made to provide the same subsidy levels for housing co-operatives as for public rental properties, co-operative housing became a substantial part of the housing stock. This coincided with the establishment of *Riksbyggen* (a national housing development association) in 1945, which was founded by the Construction Workers' Trade Union to provide jobs for construction workers in the post-war period.

Today, HSB and *Riksbyggen* represent 6 500 housing co-operatives, which is half of all housing co-operatives in Sweden. Large co-operative building associations at the national and regional levels build and sell the units to the tenant owner societies of individual housing co-operatives at the local level. Typically, the co-op member is responsible for contributing equity of around 75 to 80 per cent of the costs of the dwelling, while the housing co-operative covers the remaining costs through a collective loan often obtained on concessional terms.³¹ Members pay rent to the co-op, both to repay the co-op loan and cover maintenance of shared areas.

In **Norway** the co-operative housing movement's vision is to offer its members the opportunity to acquire a decent home in a sustainable living environment. Equity-based co-operative housing accounts for 15 per cent of the nation's total housing stock while in the capital city, Oslo, co-operatives provide around 40 per cent of total housing stock.³²

Norwegian housing policies aim to foster the development of good quality housing in a non-speculative environment. The co-operative form of housing tenure is considered a good alternative to private ownership or tenancy, as it gives members an individual right of use as well as some collective property rights.³³ In fact many do not distinguish between private ownership and co-operative housing, and in the official statistics for housing ownership equity-based co-operative housing is counted as ownership.

The surpluses from Scandinavian housing co-operatives' operations do not go towards paying dividends to investors but are instead channelled back into building more

³¹ CECODHAS Housing Europe and International Co-operative Alliance, *Profiles of a Movement*, 2012, p. 71.

³² *Ibid.*, p. 51, 52.

³³ M. A. Stamsø, 'Housing and the Welfare State in Norway', *Scandinavian Political Studies*, Vol. 32, No. 2, 2009, pp. 195-220.

housing. This ensures a steady supply of high-quality housing, which has the added effect of helping reduce overall price pressures in the market.

For younger cohorts of homeowners, co-operative urban apartments have become transitional – a step on the path towards individual ownership when they partner and have children and gain sufficient resources to buy another type of dwelling.³⁴

Tenure security is ensured in a housing co-operative, as dwellings cannot be subject to speculation and subletting is strictly regulated (mostly allowed only for immediate relatives). To protect the co-operative community, AirBnB lettings are also not permitted.

Government in Norway has the right to priority purchase or occupy ten per cent of units in a housing co-operative complex, to house people who are unable to purchase housing themselves. Housing co-operatives in Norway, and in particular Oslo, have been vital for securing decent housing for immigrants and for older people to be able to age in place through down-sizing within the co-operative sector.³⁵

The largest housing co-operative in Oslo is OBOS (*Oslo Bolig Og Sparelag* – the Oslo House and Savings Association), which has over 500 000 members. OBOS has accumulated considerable reserves and is independent of public subsidies. OBOS now represents almost 50 per cent of Norway's co-operative housing members and is the largest developer in the country.

Due to its substantial scale, OBOS is able to provide substantial support and services to its members; including training and education for co-op board members in management, maintenance and governance. Members are offered further benefits in the form of reduced prices on homeware, renovation inputs and cultural events.

The last decade has seen even co-operative housing prices become out of reach for lower-income first home buyers. This has led the co-operative housing sector to develop new methods to facilitate first-entry to homeownership: such as shared equity, rent-to-buy, and joint ventures with Oslo City Council and other developers to develop subsidised co-op housing for low-income entrants. OBOS members have also demanded a review to further improve democratic participation and decision-making.

³⁴ L. Gulbrandsen, 'Home Ownership and Social Inequality in Norway', in K. Kurz and H-P Blossfeld, (eds), *Home Ownership and Social Inequality in Comparative Perspective*, Stanford University Press, Stanford, 2004, pp. 166-186.

³⁵ Crabtree et al., *Articulating Value in Co-operative Housing*, 2019, p. 85.

These recent changes are examples of fundamental co-operative principles – such as democratic member participation – in decision-making and governance.³⁶

Policies now also focus on implementing universal design in dwellings to accommodate people with disabilities and the elderly. The housing co-operative sector is also actively seeking to reduce carbon emissions from the construction phase as well as retrofitting energy efficiency arrangements into older buildings.

Through the constant supply of substantial volumes of good quality housing suitable for single people, small families, and seniors, the sector helps to reduce pressure on the housing market. With their autonomous reserves, the large Norwegian housing co-operatives are able to further social objectives, whilst also competing in the market with commercial housing providers.

The benefits of owning or renting a co-operative housing unit as opposed to private ownership or private rental from a public citizen perspective include: reduced property speculation; ability to influence decision-making through democratic governance; easier up- and down-sizing of housing type for people through different life-stages while remaining in the same neighbourhood over their lifespan; and access to a wide range of negotiated member benefits.

³⁶ See further materials from the year 2022 at: <https://nye.obos.no/>

HOW FINLAND HAS TACKLED HOMELESSNESS

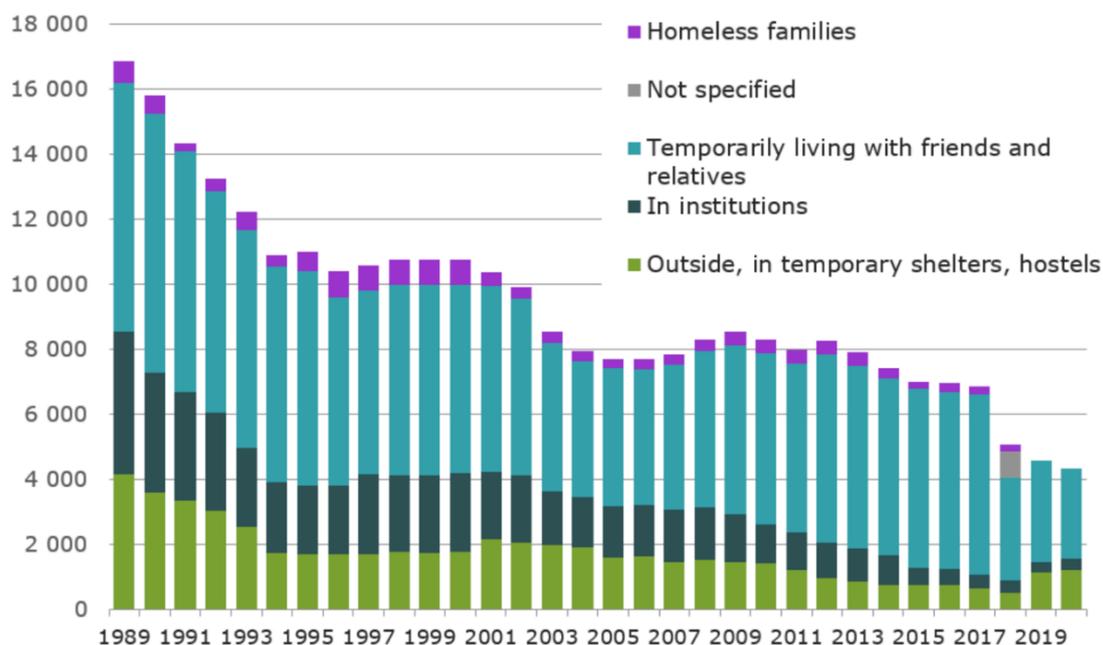
Dr Heather Holst

Part of the present housing affordability crisis in Australia has been a highly visible surge in the number of people sleeping rough in major city streets. Finland’s serious tackling of homelessness can inform efforts in Australia to take similarly effective action here.

In the early 1980s, there were 2 121 homelessness shelter beds in Helsinki alone, and many more people who were in various forms of homelessness across the country.³⁷ This represented the high-water mark in Finland of the centuries-old practice of providing temporary shelter to people who are homeless.

Finland is now regarded by academics and policy makers in the field as the world leader in reducing homelessness. There are 4 542 people (less than 1 per 1000) homeless in Finland as a whole compared to 116 427 (nearly 5 per 1000) in Australia.³⁸ As the following graph shows, the number of homeless people in Finland is little more than one quarter what it was 30 years ago.

Figure 1. Homelessness in Finland, 1989-2020



³⁷ M. Allen, L. Benjaminsen, E. O’Sullivan and N. Pleace, *Ending Homelessness? The Contrasting Experiences of Denmark, Finland and Ireland*, Policy Press, Bristol, 2020, p. 4.

³⁸ <https://www.aihw.gov.au/reports/australias-welfare/homelessness-and-homelessness-services> and: ARA, The Housing Finance and Development Centre Finland, *Homelessness in Finland 2020*.

Source: ARA, The Housing Finance and Development Centre Finland, *Homelessness in Finland 2020*, p. 1

As for most of Europe, North America, New Zealand and Australia at this time, the people who were homeless in the 1980s were implicitly thought of and responded to as if all were single adult men born in their own country. The practice of homelessness work at that time in Western countries including Finland was to make people ready for housing on the understanding that their homelessness was an individual matter and caused by their own personal characteristics and shortcomings. This approach has since changed and so has the whole way of responding to homelessness in Finland.

Finland was not unusual in having rising numbers of people who were homeless forty years ago and in searching for better remedies, but the story of how this particular Nordic country tackled the problem is definitely unusual.

As the website of one of the leading participants in this effort, the Y-Foundation, succinctly states: “The most important thing is that since 1987 about 12 000 people have received a home.”³⁹

Observers regard the creation of the Y-Foundation in 1985 as a critical element to the subsequent success of the Finnish approach to homelessness. The Y-Foundation is a civil society, not for profit agency specifically dedicated to acquiring housing for lone adults who are homeless. It had a diverse collection of founders that speaks to a consensus about the effort required: the Association of Finnish Local and Regional Authorities; the City of Espoo; the City of Helsinki; the City of Tampere; the City of Turku; the City of Vantaa; the Church Council; the Finnish Construction Trade Union; the Finnish Association for Mental Health; the Finnish Red Cross; and the Confederation of Finnish Construction Industries RT. The Finnish approach to tackling homelessness features a level of co-operation, including between different tiers of government, which is clearly more advanced than in Australia.

The Y-Foundation is now the fourth largest landlord in Finland, holding 18 000 apartments and operating in 57 cities and municipalities across Finland. Some of its homes are directly let to people experiencing homelessness and those who are at risk of becoming homeless. The Foundation lets other homes to cities, municipalities and their property companies which then sublet to their local residents in the same circumstances.⁴⁰

The next significant development occurred in 1987 which was “The International Year of the Homeless”. The Finnish government announced its intention to end

³⁹ Y-Foundation website, Housing First in Finland, at <https://ysaatio.fi/en/housing-first-finland>

⁴⁰ Ibid.

homelessness entirely in that country. Additional funding was provided for homelessness services and there was widespread coordination of services. Crucially, the first of what would become an annual survey of homelessness was conducted that same year, providing an extremely important mechanism for tracking progress and understanding changes in homelessness that so far holds over thirty years of data.⁴¹

The success in reducing homelessness is clear from Figure 1 above that draws on this annual homelessness survey across Finland. It is also clear that there were times when the effort was challenged by wider societal factors caused by economic recession in the 1990s and late 2000s. The numbers of people who were in the various categories of homelessness – of living rough, in homelessness services and in institutions – had fallen by two thirds between 1987 and 1995 which was a remarkable achievement.⁴²

It became clear by the mid-2000s, however, that there was a group within the wider homelessness population that was getting stuck in homelessness despite all these best efforts. This was particularly single men with a range of issues such as poor physical and mental health and problematic use of drugs and alcohol. The Finns defined a person as in long-term homelessness if they had more than twelve months of homelessness or had been homeless more than once in the last three years. The situation required the opening of more shelter beds in Helsinki as you can quickly die of exposure in a Finnish Winter, making rough sleeping even more dangerous there than in Australia.⁴³

In response to this identification of a persistent problem, the Y-Foundation housing for this cohort of single men was augmented by coordinated support on an outreach basis for them for them. The notion was that people had a right to decent housing and to the sort of services they would find useful if they wanted them, a seemingly simple concept but actually radically inclusive compared to the philosophy of many other countries when responding to homelessness.

Additionally, the Finns sought first and foremost to reduce the *human* cost of homelessness while many other countries focused on the *economic* cost.⁴⁴

Another significant response was for the Finnish government to convene an expert working group in 2007 to take a deep dive into the issue. It comprised the director of social services in Helsinki, a Bishop, the Y-Foundation CEO and a doctor who was also a

⁴¹ Allen, et al., p. 34.

⁴² Ibid., pp. 35-36.

⁴³ M. Furlong, "Every Grain of Sand: Preventing Homelessness Deaths", *Parity*, Vol. 34, No. 7, August 2021, pp. 5-12. "Homelessness reduces life expectancy to around 50 years and multiplies the risk of early death between three and seven times."

⁴⁴ Allen et al., p. 39.

civil activist. Its report was called the *Name on the Door* and would influence the next ten years of action in Finland. The report described the 'Finnish Housing First Principle' which had built up over the previous years as this:

Solving social and health problems is not a prerequisite for arranging housing, but instead housing is a prerequisite that will also enable solving a homeless person's other problems.⁴⁵

After the report came a homelessness strategy called *Paavo 1* in 2008 with the goal of halving long-term homelessness by 2011, and then a second strategy, *Paavo 2*, in 2012 with the aim of completely ending long-term homelessness by 2015. Among the key features of this which really caught the world's eye was the transforming of shelters to real homes, i.e. into permanent housing for long-term homeless people by providing enough financial resources to convert old, run-down shelters into communal units/congregate housing.⁴⁶

There have been criticisms of the 'Housing First' approach in Finland as having low fidelity with the initial 'Housing First' projects which emerged from the USA because of the greater emphasis Finland has placed on a communal approach. In fact, there is contention about whether Finland used the American idea in the first place or rather developed its own version, which then had such similarities and success that it also came to be called 'Housing First'. Sam Tsemberis of Pathways to Housing in New York created an approach to people who are homeless and live with serious mental illness that is anchored in first providing long-term housing – not a shelter or a transitional unit – with organised support provided to the person on an outreach basis.⁴⁷

However, there is clear evidence that the Finnish approach has been very successful in actually reducing long-term homelessness. That approach has also demonstrated clear fidelity to important elements of the original 'Housing First' philosophy such as adherence to harm reduction, and priority to giving formerly long-term homeless people choice and control, even though Finland has developed its own form of an idea most associated with America to its own local conditions.⁴⁸

A third strategy, covering 2016-2019, had a focus on prevention and continued building of new dwellings. The target was to build or allocate 3 500 dwellings over the

⁴⁵ Quoted in *Ibid.*, pp. 50-51.

⁴⁶ L. Benjaminsen and M. Knutagård, 'Homelessness Research and Policy Development: Examples from the Nordic Countries', *European Journal of Homelessness*, Vol. 10, No. 2, 2016, pp. 52-55.

⁴⁷ <https://www.pathwayshousingfirst.org/>. Meeting with Dr Tsemberis and site visits with the Pathways to Housing team in New York, 2010.

⁴⁸ N. Pleace, D. Culhane, R. Granfelt and M. Knutagård, *The Finnish Homelessness Strategy: An International Review*, Ministry of the Environment [Finland], Helsinki, 2015, pp. 62-67.

period for people that are homeless or at risk of becoming homeless. This plan explicitly recognised the savings achieved by investing in homelessness prevention by avoiding the need for later, much more costly corrective work, declaring that “housing one long-term homeless person saves approximately €15 000 of public funds per year”.⁴⁹

As well as the development of a better approach for long-term homelessness, Finland has maintained a deliberate focus on housing people after prison without the gap upon release that is such a problem in Australia. This was a feature of *Paavo 1* and remains in place. The services are provided before release based on a social work approach of coordinating support services and arranging housing prior to discharge.⁵⁰ Once again, this is a simple sounding strategy, but it is one that most other countries have failed to adopt at the necessary scale.

The notable features here for the Australian observer are the persistence and innovation of effort across many years and numerous governments. The Finns have achieved much more of a consensus position, and this has translated to effective action built upon tracking the results and changing things that did not work well enough.

The results that have so far been available on how Finland has fared during COVID are promising, although the situation has clearly put their housing system under pressure. The FEANTSA and Fondation Abbe Pierre report on housing exclusion in Europe found that homelessness had continued to decline in Finland up to the end of 2020, the first year of the pandemic, and they attributed this result to Finland’s commitment to long-term policies to reduce homelessness. This reduction was an outlier result with almost all other European nations experiencing increases in homelessness.⁵¹ Within these overall declining homelessness numbers in Finland, the pandemic has been associated with a rise in people who are living with others in overcrowded conditions, an unexpected interruption to previous housing trends which will pose a new challenge.

The Housing and Finance Development Centre of Finland reports that the programme of Prime Minister Sanna Marin’s government, which was established in 2019, includes the elimination of homelessness by 2027. They outline how this is reflected in the current 2020-2031 agreements on land use, housing, and transport between the municipalities and the state in the Helsinki region which has a progress target of

⁴⁹https://asuntoensin.fi/assets/files/2016/11/ACTIONPLAN_FOR_PREVENTING_HOMELESSNESS_IN_FINLAND_2016_-_2019_EN.pdf

⁵⁰ Allen et al., pp, 51, 123.

⁵¹ FEANTSA and Fondation Abbe Pierre, *Sixth Overview of Housing Exclusion in Europe 2021*, p. 14. FEANTSA is the European Federation of National Organisations Working with the Homeless.

halving homelessness by 2023. To this end, the Ministry of the Environment has a three-year co-operation programme with the largest urban regions, service providers and organisations that comprises funding, improved regulation of housing advisory services and improvements in the use of statistics.⁵²

The Finnish approach to ending homelessness can be summarised as a remarkable level of sustained co-operation by national and municipal governments with church and civil society entities that draws on the advice of people who are homeless and other evidence, that is committed to building publicly-owned housing and to combining it with effective support services, and that is also committed to continuing to solve new problems as they appear.

⁵² ARA The Housing Finance and Development Centre Finland, *Homelessness in Finland 2020*, pp. 9-10.

Contributors

Professor Andrew Scott is from the Politics and Policy discipline at Deakin University and the Convenor of the Australia Institute Nordic Policy Centre. He is author of many books and other scholarly publications, and most recently co-edited *The Nordic Edge: Policy Possibilities for Australia*, published in 2021, which is widely available now in bookshops and about which more details are here:
<https://www.mup.com.au/books/the-nordic-edge-paperback-softback>

Dr Sidsel Grimstad is Senior Lecturer in the College of Human and Social Futures at the University of Newcastle in New South Wales. She is a Norwegian-born international expert on co-operative housing. Prior to moving to Australia nineteen years ago, Sidsel worked as an adviser for environmental and international development aid organisations in Norway and for the United Nations. She is Chief Investigator on an Australian Research Council and housing co-operative sector funded project: *Articulating Value in Housing Co-operatives (2021-2023)*,
<http://www.housingcoopresearch.org.au>

Dr Heather Holst has a PhD in history about how people made a home in the 19th century Victorian town of Castlemaine. Heather has been a leading practitioner for decades in community and government organisations to tackle homelessness. Deputy CEO of Launch Housing from 2015 to 2018, she has since been Victoria's Commissioner for Residential Tenancies and is a member of the Victorian Government's panel reviewing the regulation of social housing. Heather writes here in a personal capacity.