

Housing cooperative

What is a housing cooperative?

A housing cooperative is an economic association whose purpose is to convey occupancy rights in residential or commercial space with cooperative apartments in the building owned by the cooperative to its members (members of the cooperative).

The rules that must be followed in a cooperative are found e.g. in the bylaws of the cooperative. In addition, there are rules stipulated in the Swedish Cooperative Societies Act and the Swedish Cooperative Housing Act. Decisions pertaining to finances and management are made jointly by the members.

Members are called once a year to an annual cooperative membership meeting which all may attend and express their opinions on the activities of the cooperative. The board of directors of the cooperative is elected at the cooperative meeting.

What is a cooperative apartment?

People who live in cooperative apartments are members of a housing cooperative. Members own the cooperative's buildings and land in common.

Members have occupancy rights to their apartments for an unlimited time.

Shares (memberships) can be sold and can be inherited or transferred in the same way as other assets.

Is membership in the cooperative obligatory?

Yes. You must be a member of the cooperative before you move into the apartment. The board of directors decides on membership. If you are not accepted as a member of the cooperative, you may lodge a complaint with the local rent tribunal.

How do the finances work?

A cooperative must pay its own costs. As no one outside the cooperative is going to earn money on your housing, your housing is at cost. The objective of a cooperative is to look after the interests of all members – especially their financial interests – in the optimum way.

What are the cooperative's costs?

Interest expense, property tax, and other taxes. Costs for heating and water, as well as maintenance, upkeep, depreciation, insurance, management fees, administration, allocations to funds, etc.

How are repairs, maintenance, etc., financed?

There are two types of funds for maintenance and improvements that are gradually built up using monthly allocations, which are included in the monthly fee. A common fund for financing planned maintenance and improvements as well as an individual fund for e.g. renovation and modernization of your own apartment.

Who sets the amount of the monthly fee?

The board of directors sets the annual fee so that it covers the costs of the cooperative. The annual fee is allocated to the memberships in proportion to the share price or share sum, depending on the wording of the bylaws.

Can you rent out your cooperative apartment?

Yes, you may sublet your apartment for a specified period provided that the board approves. If the board does not approve the sublease, you may lodge a complaint with the rent tribunal. Permits issued by the rent tribunal may be restricted to a certain period of time and may be subject to conditions.

Can you borrow money to buy a cooperative apartment?

After a customary assessment of creditworthiness, banks and other lending institutions may grant loans with the share pledged as collateral.

Important concepts

A co-operative economic association

A co-operative economic association is the concept in Swedish law defining and regulating business activities carried out in co-operative or closely related forms. The Economic Associations Act may be regarded as the Swedish equivalent of the various forms of legislation regulating co-operative activities in many other countries.

Tenant-owned housing/Housing Associations

A housing association is a co-operative association normally consisting of between 20 and 100 or so apartments (tenant-owner apartments) built together or as detached units in a defined geographical area.

The members (the residents in the tenant-owned housing) own a share of the housing association which in turn owns the housing. The members are free to sell their share and thus their tenancy rights on the open market.

When Riksbyggen builds and establishes a housing association, the shares are first offered to the members of Riksbyggen's home saving scheme, who can in that way find a place to live. When all the shares have been taken up, the association becomes fully independent, but usually retains its link with Riksbyggen by acquiring one or more shares in Riksbyggen, entrusting Riksbyggen with responsibility for the management of the association and its resources.

Housing associations in Sweden are subject to special legislation, the Housing Association Act, which may be regarded as being a special further development of the Co-operative Economic Associations Act for this purpose.

Builder

Companies or organisations (sometimes Riksbyggen) which are responsible for planning, administration and finance during the period of construction. The builder may in turn appoint sub-contractors to carry out building work. Riksbyggen usually appoints contractors for all its building work and consequently does not have its own production apparatus.

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