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# The Housing Sector and the Social and Solidarity Economy

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## Bibliographic information

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## Abstract

This entry explains the contribution of the Social and Solidarity Economy (SSE) to ensuring affordable and decent housing for all, a topic that has attracted increasing attention on a global scale particularly since the outburst of the COVID 19 pandemic. The entry introduces diverse forms of SSE organizations and enterprises (SSEOs) in the housing sector and their diverse ways to contribute – in partnership with the public sector and sometimes together with third parties – to building, renovating and in general making available affordable housing solutions for all, including those on low incomes and particularly vulnerable groups. It reflects on the mission and added value of SSEOs in the housing sector and introduces examples of good practices as well as potential areas of innovation.

## Keywords

housing; community; cooperative; inclusion; not for profit; urban; SDG11

## Introduction

The shortage of affordable housing solutions for all is a topic that has been attracting increasing attention on a global scale. There was already a housing affordability crisis prior to the COVID 19 pandemic, resulting from a combination of several long-standing elements. House prices had been increasing dramatically and housing costs were increasingly unaffordable especially for renters. Despite significant improvements over time, problems with housing quality also persist in many areas. However, the pandemic has served to reinforce the importance of adequate and affordable homes, revealing the impact that housing conditions have had on well-being and both physical and mental health. This has been supported by a growing body of literature, data and other useful evidence from international organisations and institutions.

Against this background, this entry explains the contribution of the Social and Solidarity Economy (SSE) to affordable and decent housing for all. It particularly pays attention to a partnership with the public sector in building, renovating or putting at disposal housing for all, including those on low incomes and vulnerable groups. The entry introduces diverse forms of SSE organizations and enterprises (SSEOs) in the housing sector and their diverse ways to contribute – sometimes together with third parties– to affordable and accessible housing provision. It also introduces good practices, lessons learned and potential areas of innovation of SSE in contributing to the accessible and affordable housing sector.

### 1. Scope and definitions

Defining the precise scope of what constitutes SSE in the field of housing presents some significant challenges. It requires a distinction between which types of entities and activities are considered to be in-scope and out-of-scope of the SSE field, which is far from straightforward as different interpretations and ‘models’ exist worldwide (see the entry “Statistical measurement of the SSE”).

In terms of the subjects involved, based on the working definition of SSE, we consider this term encompasses a wide range of different legal structures comprising mainly (but not exclusively) housing cooperatives, mutual societies, associations, foundations, trusts, charities and not for profit or limited profit companies active in the provision of housing and often additional services to residents and communities. Indeed there is a great diversity in Europe and the world in terms of – among other aspects - types of organisations providing affordable housing, their size, structure and legal form, the way they are regulated and how they finance their activities. This diversity is the result of the history of housing provision which is very much embedded in the local realities and linked with the different paths of development of welfare states (see the entry “Social policy and SSE”).

In terms of the object at stake, i.e. which types and forms of housing are part of SSE, we consider this to include different forms of social and affordable housing provision. According to the OECD, social (rental) housing is to be understood as ‘residential rental accommodation provided at sub-market prices and allocated according to specific rules’ (Salvi del Pero, A. et al. 2016). It’s important to note that social housing provision is usually subject to regulation from public authorities and it’s often provided by different levels of public administration either directly or through public housing bodies/companies set with the purpose of implementing public policy in this area. Therefore, although *‘some of these housing organisations can be described with traditional ‘state’, ‘market’ or ‘civil*

*society' labels, but many correspond in fact to hybrid organisational forms, encompassing characteristics of state, market and third sector organisations' (Czischke, Gruis and Mullins, 2012).*

The term 'affordable housing' is also used to refer to a range of types of housing provision which is usually broader than social housing – the focus being rather on the outcomes in terms of affordability for end-users rather than on the specific framework and regulation around it. A useful definition of affordability is '*Housing is affordable when housing of an acceptable minimum standard can be obtained and retained leaving sufficient income to meet essential non-housing expenditure*' (Stephen, M. 2017). Furthermore, in the absence of any universally agreed reference on this concept, a useful operational typology was developed in the framework of the EU Urban Agenda Housing Partnership, which sees 'affordable housing' as part of a 'continuum' including social housing as well as other low-cost rental housing and even access to homeownership at a reduced price (Rosenfeld, O. 2017).

## **2. Mission and objectives**

Looking at the mission and objectives of SSEOs in the housing field, we find they share a social and 'societal' objective that is to provide affordable and quality homes to those who need them.

In this sense, although distinct from public administration, they contribute to fulfilling public policy objectives and activities in the public interest (see the entry "Public policy and SSE"). From this perspective, although public provision of housing (either by local authorities or other public bodies directly or through dedicated public companies) does not fall under the scope of the definition of SSE, in many cases this distinction relates purely to legal form and the public or private nature of the organisations involved rather than the actual output. However, while some housing providers focus on providing access to the wider public, other organisations (often those characterised by a high level of residents' co-production and self-help) may focus on a limited group of people that at the same time are users and collectively own their homes – as typically the case in housing cooperatives or community land trust. Also, housing organizations can develop to address the specific needs of certain vulnerable groups such as the homeless, people with disabilities, people with a migrant background, members of minorities, and so on.

While being mission-driven, SSEOs in the housing field are typically active on the residential market. Furthermore, unlike profit-driven actors which tend to benefit shareholders, SSEOs reinvest profits in their core mission and to the benefit of residents and the communities they work in. Furthermore, in many cases, they may access public funding when contributing to a specific public policy goal.

## **3. Examples of SSE in the housing sector**

Interestingly, most countries with a relatively large and well-established social and affordable housing sector are characterized by a strong presence of what can be broadly be described as organisations acting within the remit of social and solidarity economy. Four organisational qualities characterise this sector, namely:

- They are sensitive to public interest while at the same time making their own choices
- They are sensitive to public regulation but always bearing their values and missions in mind

- They are sensitive to the market without letting this be conclusive to their activities
- Their core mission is to provide affordable and decent housing

We provide some examples below of the forms and characteristics of these SSE housing organisations across countries. The list is by no means exhaustive but it provides an illustration of the diversity of models and organisations involved and points at some good practices within the sector (see the entry “Community-based organizations”).

In the United Kingdom, for instance, housing associations are nowadays managing over half of the social housing stock. Housing associations are private, non-profit making organisations that may take different legal forms including industrial and provident societies, charitable companies, not for profit companies, cooperatives and charitable trusts. Some associations trace their routes back to 19th-century philanthropists. Newer and sometimes faster-growing associations aim principally to build more homes to rent for a widening group of households unable to afford market housing. Besides the ‘core’ landlord activities, they often run community spaces and facilities and carry out initiatives to improve the lives and wellbeing of residents such as employment training, advice on health and lifestyle issues, community activities.

Austrian Limited-profit housing associations are enterprises whose activities are directly geared towards the fulfilment of the common good in the field of housing and residential matters, whose assets are dedicated to the fulfilment of such tasks and whose business operations can be regularly reviewed and monitored. They act on a limited-profit basis and represent about a fifth of the total Austrian housing stock and about 40 per cent of multi-family housing. Today in the limited-profit sector housing production is twice as high as the private sector, at lower rents, and it provides homes that are more spacious. It’s therefore not surprising that their contribution is generally highly valued by the population, to the point that a recent Gallup (2018) poll has shown that around 9 in 10 people in Austria think that housing associations play an important role in the housing market.

In Denmark, social housing is provided at cost prices by not for profit housing associations. A specific feature of the Danish social housing model is the principle of tenants’ democracy, which is basically a way to organise the running of each housing estate based on the central role played by residents. There are about 700 housing associations, which own 8000 estates, also defined as ‘sections’. They are legally regulated by the state, but owned and organised collectively by the association members themselves. These arrangements are attractive for tenants because they give influence over the management of their homes without requiring them to take responsibility for running estates themselves. Furthermore, there is evidence that the tenant democracy system has helped to strengthen the Danish social housing sector, by increasing tenants’ commitment to the sector and ensuring that landlords are responsive to their needs (United Nations Commission for Europe 2021).

The Netherlands is the country with the largest share of social housing in the EU, accounting for about one-third of the total housing stock. Registered social housing organisations in the Netherlands (Woningcorporaties) are private non-profit organisations (associations and foundations) with a legal task to give priority to housing households on lower incomes. They operate on the basis of registration and are supervised by the national government. They are, however, independent organisations, setting their own objectives and bearing their own financial responsibilities. Their task is not only to build,

maintain, sell and rent social housing stock but also to provide other kinds of services, directly related to the use of the dwellings, to the occupants.

In Estonia, as a result of mass privatizations of public housing stock in the early 1990s, 97 per cent of people own their own homes. Most live in multi-dwelling apartment buildings, which are managed by cooperative style apartment associations. Members of apartment associations are responsible for managing their buildings under legally defined frameworks that support their decision making. For example, more than 50 per cent of apartment owners in each building must agree on the scope and budget of any refurbishment work. This approach has been very successful in upgrading and improving low-quality housing, driven by collective decision-making and enabling the management of buildings by residents.

Housing cooperatives are legal entities owning real estate, consisting of one or more residential buildings. They can apply different models (from rental to ownership and limited equity schemes) but they are all membership-based, with membership granted by way of a share purchase in the cooperative. They are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity and operate according to 7 cooperative principles that are internationally recognized. The size of the sector varies significantly. It can be very large, with for instance over one million 'tenant ownership' units in Sweden. In Switzerland, most social landlords are small not-for-profit cooperatives – 70 per cent own under 100 dwellings. Swiss housing cooperatives own the properties they manage, while members own a share but have no equity in their units. These shares are reimbursed to members upon leaving, but tenants don't have the right to buy their dwellings so as to preserve the cooperative housing stock. To promote good practice, these cooperative organizations adopted a Charter laying down the core principles such as no speculative profits, good-quality affordable and sustainable housing, integration of disadvantaged households and tenant participation and self-determination (United Nations Economic Commission for Europe 2021).

#### **4. Added value**

Building or rehabilitating social and affordable housing presents a unique opportunity to meet social, economic and environmental objectives and contributing to implementing the Sustainable Development Goals.

First of all, SSEOEs which provide adequate and affordable housing solutions offer social and economic stability to residents and the society as a whole, as lower housing costs free up resources for households to access other essential goods and services.

Secondly, adequate and affordable housing can result in a number of positive 'spillovers' in other areas. For instance, the link between housing conditions and health and wellbeing have been increasingly documented over the years, including by the World Health Organisation, showing that better quality of housing can lead to lower healthcare costs and better social outcomes.

Similarly, good quality housing offering sufficient space is associated with higher educational achievements for children and teenagers – conversely, overcrowding and exposure to noise has been found to negatively affect educational outcomes and overall children development.

Investing in affordable housing has a demonstrated multiplier effect for the local economy as it creates local employment opportunities and retains investment in the local and

regional economy. Furthermore, by investing for the long-term and re-investing earnings into their objectives, they can contribute to countering speculative trends in the housing market (see the entry “Local and territorial development plans and SSE”).

Also very important in the context of the fight against climate change, ‘greener’ housing is key to achieving a reduction of CO<sub>2</sub> emissions, and energy-efficient renovation can provide an efficient response to energy poverty. Integrating renewable energies and circularity in housing is a further opportunity for SSE housing organisations to raise up to this challenge (see the entry “Energy, water and waste management sectors and SSE”).

Last but not least, transparency, involvement of residents and stakeholders, and freedom to find innovative solutions to complex issues are some of the key added values of SSE housing providers which can provide further ‘immaterial’ benefits such as increasing social cohesion and a sense of community at the local level.

Therefore, a strong case can be made for these types of organisations, not only as a tenure of choice for those unable to afford market prices but also as a valuable partner for public authorities in achieving more and better quality affordable housing.

## **5. Looking ahead: potential areas of innovation**

Housing delivery must continuously evolve to respond to changing socio-demographic contexts, new needs from different population groups, technological development, environmental challenges – just to name a few. Some of the areas where this innovation is taking place are particularly worth mentioning as they will be key to determining the sustainability of SSE housing organisations and their capacity to respond to current and future challenges: the provision of new services to residents and local communities, more democratic and collaborative practices, as well as innovation in construction and renovation techniques.

With regards to setting up new services to tenants and local communities, we find very different starting points as to what extent housing providers have a culture or history of combining housing with social care. This way of working (in cooperation with other service providers) has proved to be the most effective in enhancing the quality of life for residents and it can also lead to significant savings for the public purse in the long term. It is however very much driven by the changing needs at the local level and it can target very different groups and aspects.

For instance, it’s worth mentioning that social housing providers in recent years have been increasingly involved in programmes aimed specifically at helping particularly vulnerable groups, tackling homelessness and the risk of housing exclusion. In particular, models that provide housing first and then integrate health and social care support are increasingly considered the most effective way to tackle chronic homelessness (OECD 2015).

Another major driver for innovation in services delivery is the ageing population. New approaches are being deployed that combine physical characteristics of the dwellings (accessibility of homes) with for instance the use of ICTs and smart homes technologies, home-based health and care services, cohousing and intergenerational housing living models (see the entry “Care and Home Support Services and SSE”).

There is also a growing tendency for providers of social and affordable housing to work with local communities. Examples of this trend include, for instance, the establishment



of programmes to support the creation of social enterprises or partnerships between housing organisations and employment services to help residents get into work.

Furthermore, housing providers increasingly must take an active role in guaranteeing the cohesion of the social fabric by working not only with tenants but also with local neighbours organising communal initiatives. Overall we can see a trend toward stronger cooperation with residents and a more active role of inhabitants in leading self-help initiatives, reflecting a societal need for a more democratic and bottom-up approach.

But perhaps the most visible and significant innovations are in the way providers of social and affordable housing mobilize to tackle environmental challenges. One of the main drivers is no doubt the need for homes to consume less and greener energy. In 2019 the buildings and construction sector accounted for 36 per cent of final energy use. CO<sub>2</sub> emissions from the operation of buildings have increased to their highest level yet at around 10 GtCO<sub>2</sub>, or 28 per cent of total global energy-related CO<sub>2</sub> emissions. With the inclusion of emissions from the buildings construction industry, this share increases to 38 per cent of total global energy-related CO<sub>2</sub> emissions (United Nations Environment Programme 2020).

The decarbonization of housing is therefore a key priority and essential to meeting the goals of the Paris Agreement and related SDGs. *‘Climate-neutral construction and renovation will need to become the new norm. [...] Furthermore, there is a growing recognition of the need to accelerate and widen policy efforts, expanding their narrow focus from just the building to a more systemic approach. This would also encompass the energy production system, neighbourhood planning and the circular and resource efficient use of building materials and services.’* (United Nations Economic Commission for Europe and Housing Europe 2021).

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