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Linking Social Capital in Housing Cooperatives: The Case of Vienna

Richard Lang

NCVO William Plowden Research Fellowship

- Research on the mutual and community-led housing sector in England (April-June 2013 based at TSRC)
- The research project seeks to
 - understand the community-led housing sector and its approach to localism and
 - explore the potential of international models to support effective localism and sustainable community building, such as the Austrian co-operative governance model.
- The research will be used to produce a scoping report and presentation to an invited audience from the sector in Autumn 2013.

Austrian Model of Social Housing

- 'Public promotion model' (*Wohnungsgemeinnützigkeit*) is an institutionalized partnership for social housing between the third/cooperative sector and multi-level government - pronounced manifestation in Vienna
- It seems to be unique in Europe and deviates from dominant private and market-provisioning (Kemeny, 1995; Amann, 2008)
- From an international perspective, Austrian model has been resilient in stabilising housing markets and delivering (new) quality housing (Czasny 2004 , 2008)
- e.g. households that see living expenses as heavy burden 14% opposed to EU25-average of 28% (Czasny et al 2008:56)
- Lessons for countries seeking to reform or establish social housing systems
- Presently knowledge transfer to Central and Eastern European countries in transition (Amann et al. 2009)

Austrian Housing Policy – Key elements

- Housing legislation primarily federal responsibility with emphasis on tenant protection and regulation of the limited profit housing sector
- New construction is triggered by extensive supply-side housing subsidies designed by regional governments (*Länder*)
- Federal government transfers dedicated tax revenue to the *Länder* to ensure longterm focus on housing policy development
- Banking sector plays a decisive and constructive role in channeling investment towards approved housing projects (e.g. contractual savings schemes, specific housing banks)
- Third sector housing (esp. coops) efficient tool for implementation of housing policy targets (esp. regarding environmental sustainability)

(Förster 2002; Amann et al. 2009)

Role of the Third Sector

- Federal/regional/municipal governments have strategically promoted the development of a limited profit housing sector (through discounted building land, grants, tax favoured investment)
- Approx. 190 non-profit providers manage 22.5% of the total housing stock in Austria primarily in urban areas but also in small towns and villages (865,000 dwellings)
- Responsible for 28% of new residential construction and more than 60% of all multi-apartment housing construction (Amann et al. 2009)

In Vienna:

- 60 per cent of inhabitants live in subsidized apartments of which about 136,000 are owned and managed by the third sector, and 220,000 by the municipality
- Third sector housing has become the main provider of new social housing (Förster 2002)

Role of the Third Sector

- Well developed **legislative framework for third sector housing**
- Provision of limited profit, cost-capped housing of moderate but adequate standards (in fact better quality than other sectors today)
- Compulsory re-investment of profits into to construction and renovation
- Formal income limits for access, but high enough to cover 80-90% of the population (Reinprecht 2007)
- Providers are self-audited and publicly regulated → improves creditworthiness of the sector → reducing costs of capital

(Förster 2002; Amann et al. 2009)

Lessons from the Austrian case of cooperative housing

Lang, R., & Novy, A. (forthcoming 2013). Cooperative Housing and Social Cohesion: The Role of Linking Social Capital, *European Planning Studies*, DOI:10.1080/09654313.2013.800025.

Aim of the Paper

- Enhance our understanding of residents' capacity to leverage ideas and resources within cooperative housing by mobilizing the concept of 'linking social capital'
- 'Linking social capital' refers to the vertical ties between community members and people in positions of influence and power in public governance, such as resource holders in regional and national infrastructure bodies or social investors

What is co-operative governance?

In this study, the term “co-operative” is not limited to legally incorporated “co-operatives” but is conceived in a wider sense as third sector organizations which are to a certain extent governed according to co-operative values and principles (self-help, self-responsibility, democratic control, equality, equity, solidarity etc.).

- **Two-level analysis:** Integrating a **territorial institutional perspective** with an **organizational view** on social capital
- I) Cooperative housing sector in Vienna will be embedded within its institutional and historical context to enhance our understanding of its external governance capacity
- II) On the organizational level, focus on the relationships between housing managements and residents, in different organizational fields

- The concrete **meaning of co-operative governance** in a place **refers to** the multifaceted reality of **different organizational fields and** their respective **governance cultures**. (DiMaggio/Powell 1983)
- The **institutional context shapes the governance culture of cooperative sector** by privileging certain organizational governance practices (e.g. professional board-managed governance) and marginalizing others (e.g. member- or community-based governance).
- Identifying **conjunctural moments on the urban and national level of social housing policy** → shifts in the power relations between government and the cooperative housing movement (Jessop 2008)

Periodization of cooperative housing in Vienna

Period	Red Vienna (1918-1933)	State-centered corporatism (1945-2000)	Liberal governance (since 2000)
Conjunctural moments on the urban and national level	<ul style="list-style-type: none"> • Grassroot housing reform • Municipalization of the settlers' movement 	<ul style="list-style-type: none"> • National regulation of cooperative housing • Federalization of public promotion and subsidization for housing 	<ul style="list-style-type: none"> • Liberalization of national housing legislation • Implementation of a social-oriented approach to urban planning in Vienna
Governance culture within the cooperative housing sector	<ul style="list-style-type: none"> • <i>Gemeinschaft</i> conditions • social rationale of governance: reciprocity and participation • homogeneous and value-based membership 	<ul style="list-style-type: none"> • <i>Gesellschaft</i> conditions • bureaucratic rationale of governance: professionalism and hierarchical authority • diversified membership 	<ul style="list-style-type: none"> • <i>Gesellschaft</i> conditions • market rationale of governance: efficiency and customer management • heterogeneous and instrumental membership
Dominant type of cooperative housing organization	<ul style="list-style-type: none"> • Community cooperatives 	<ul style="list-style-type: none"> • Professional cooperatives 	<ul style="list-style-type: none"> • Limited-profit corporations

The Community Cooperatives of 'Red Vienna' (1918-1933)

- Cooperative Housing in Vienna roots in the self-help, bottom-up settler's movement which was tackling the urgent housing problem after the dissolution of the Austro-Hungarian Empire
- The community-based settlers' movement was historically a driving force for social and architectural innovations in urban development. (Novy/Förster 1991)
- Cooperative estates represented 'small villages' with numerous communal facilities → socio-cultural community of settlers
- Estates were conceptualized as an architectural antithesis to the working class 'palaces' of 'Red Vienna' (→ successful bureaucratic model of state-led reformism and top-down housing provision) (Ludl 1999)

Traditional Cooperative Housing Estates in Vienna



Municipal Housing of „Red Vienna“



Karl-Marx-Hof



Rabenhof

The Community Cooperatives of 'Red Vienna' (1918-1933)

- Cooperative settler movement lost its dynamic and struggle within social democracy → finally incorporated into 'Red Vienna' → has led to the hierarchization of some traditional community cooperatives.
- However, movement suffered from inherent scarcity of economic capital from the beginning on. Novy (1983)
- Still a small group of community-led organizations active in Vienna.
- Special right of housing inheritance → 'community-based clientelism' and preservation of bonding social capital in the neighbourhood

State-centered Corporatism and Professional Housing Cooperatives (1945-2000)

- Nazi regime reinforced public promotion mechanism of cooperative housing at the same time removing all democratic participation structures (Bauer, 2006).
- After 1945, housing cooperatives emerged as main vehicle for state-led social housing provision.
- Both Social Democrats and the Conservatives – coalition partners in the central government – controlled broad sectors of civil society and thus were associated with a range of professional housing cooperatives.
- Public subsidies were also traded for political support → Corporatist form of clientelism (Novy, 1993; Novy et al., 2001; Matznetter, 2002)
- Political elite partially delinked from mass movement and the population (Parry, 1969) → Ongoing skepticism with respect to real political participation in the city.

State-centered Corporatism and Professional Housing Cooperatives (1945-2000)

- Cooperative housing as a vehicle for state-led, top-down housing provision fundamentally transformed the governance culture of the third sector.
- The strategic partnership with local government has considerably weakened the co-operative character of organizations and led to emphasis on bureaucratic and hierarchical governance.
- However: organizations also got a more heterogeneous member-base (potential for bridging capital)

Towards (Neo)Liberal Governance and Housing Corporations (since 2000)

- Municipal housing finally lost importance compared to cooperative housing (Novy et al., 2001).
- Incoming right-conservative central government launched a major neoliberal revision of housing regulation after 2000.
- Better access for cooperative housing organizations to private capital markets (Novy et al., 2001; Eckhardt, 2006),
- Reduced public subsidies for housing (Matznetter, 2002).
- Some cooperatives lost their limited-profit status.
- Central government failed with a complete neoliberal overhaul of the third sector.

Towards (Neo)Liberal Governance and Housing Corporations (since 2000)

- Market rationale of governance slowly gained ground in the sector (even in Vienna)
- Increasing service orientation instead of cooperative member orientation
- Traditional forms of resident participation lose importance.
- However: Customer orientation as a principle of corporate governance models might establish a direct link between residents and housing managements (potential for linking capital).

Municipal and Cooperative Housing in Vienna Today



Gasometer



Wienerberg

Summary

- With shift in governance cultures (top-down, corporate), social capital as the main resource of cooperatives lost its importance and was replaced by public funding and market revenues.
- Limited room for traditional participatory practices in cooperative housing → Linking capital
- However, two-level analysis shows the continuous relevance of linking social capital for cooperative housing.
- Community-led cooperatives have substantial linking social capital on the organizational level.
- However: degree to which residents can actually make a difference in their neighbourhoods depends on the multi-scalar embeddedness of housing organizations in the wider institutional environment of the city

Summary

- Top-down, professionalised cooperatives have greater potential to build linking social capital beyond the housing estate because...
- they are main channel for providing social housing → capacity to act as intermediaries between residents and governments
- have personal linkages with government actors on different scales → effective for tackling community problems
- “Public promotion model” requires housing cooperatives to contribute to wider housing policy and urban development goals, and thus also to foster resident participation.
- Community-based cooperatives have fewer linkages to key decision makers and resource holders → ‘trapped in the local’ because of resource limitations and explicit focus on *Gemeinschaft* .

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