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## GUIDE BOOK TO

### „LIMITING OF HOUSING COSTS FOR RESIDENTS' CO-OPERATIVES“

with financial assistance provided by the  
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## Summary

In the past 20 years many small **Residents' Co-operatives** have been founded in the German states which made up the former West Germany – for new construction projects, or to prevent demolition, sales or conversions. They have set themselves the goal of keeping living costs low through extensive contributions of their own and also critical, partly individual consideration of the standards necessary. Within the framework of privatisation, **Residents' Co-operatives** are also appearing in the in the new states of Germany, the former East Germany, to address tenants with less purchasing power.

The research project evaluates the experiences which has been gathered in residents' self-aid measures and self-management and makes these available for new foundations and other housing enterprises.

The starting point of the guide book is the **mobilisation and use of resources**, contacts and connections of those concerned – not only for the financing of purchases and improvement measures but also in daily business and in the development of planning. To achieve payable rents, some co-operatives use self-aid for building measures as an alternative to equity capital while others develop new methods for capital procurement (tenants' loans, savings agreements and guarantees in favour of the projects, social investors and dormant partners). All residents' co-operatives attempt to reduce administrative, maintenance and operating costs by means of honorary activities.

The emphasis of the presentation is placed on **savings in administration and house management**. The prerequisite for practicable self-administration is an easy to be obtained general view of stock in which neighbourly relationships can develop. The more **competence and rights of disposal** which are given to the groups of residents or house communities, the greater is the leeway for cost savings – both for the co-operative and for the residents; all the more necessary, however, are binding rules concerning the rights and obligations of the house community, the insurance of those engaged in self-aid against the consequences of accidents and against liability claims of third parties and the control of correct management of the co-operative.

Only for umbrella co-operatives with largely independent house projects can the **administrative costs** be lowered below the lump-sum according to II. BV. **Maintenance costs** can be reduced clearly through the self-aid measures of the residents. Although the development, organisation and supervision of the residents' self-aid requires some effort, it is well worthwhile: it is cheaper than company works, of a better quality and strengthens the ties of the residents to the quarter. Appreciable savings can be achieved in the operating costs: the cost items snow disposal, house cleaning, garden care and caretaker can be struck completely while for others significant savings are possible. Some projects have been able to cut the operating costs to less than DM 1.00 per m<sup>2</sup> (without water and heating).

The **loss of rent risk** is not utilised by many resident' co-operatives. Threatening loss of rent can be confronted by means of earlier intervention, debt counselling or agreement with the social welfare authorities (with waiver of eviction action). The best prophylaxis is to bind the residents to the co-operative (through favourable rents, neighbourhood networks, self-aid building measures and participation in the co-operative). With the support of neighbourhood activities and the offer of services close to the place of residence, the residents' co-operatives reinforce the attractiveness of their stock and the binding of the residents to the enterprise. They develop a particular profile that creates a competitive advantage as customer-friendly housing enterprises.