



Co-operative Housing International
A Sector of the International
Co-operative Alliance

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Deutschland



International experiences with housing cooperatives

Cooperatives in Germany and legal frameworks for housing cooperatives

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Kyiv / Ukraine

12th November 2018



Housing Co-operatives in Germany



- Number of Housing Cooperatives: 1.931
- Number of members: 2,8 Million
- Number of dwellings: 2,2 Million
- Number of employees: 25.700
- The first housing cooperatives were established in 1862. Our cooperative was established in 1910.
- Up to now cooperatives are a **non-market alternative** to close the gap between availability and demand on the housing-market.

On the way to the first housing cooperatives...



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- It was the effort of a few people who didn't want to face any longer the incredible housing situation in the crowded cities at the end of the 19th century.
- So they managed with small savings from a lot of members to establish cooperatives and succeeded in building the first residential buildings – from the members - for the members.
- The bulk of co-op housing development happened after the Second World War when Germany, as all European countries, faced again a severe housing shortage.

“You can kill a person with an apartment just as well as with an axe” Heinrich Zille

Small savings from dedicated people could create affordable and adequate housing. That is the real cooperative gain!



Main characteristics of German housing Cooperatives



- German housing cooperatives are generally ‘**rental cooperatives**’!
- Members buy shares and the amount varies from one coop to another and often depends from the size of the dwelling. When leaving the coop, the initial amount is reimbursed to the members at nominal value by the cooperative.
- Members enjoy security of tenure through a perpetual lease as long as they comply to the terms of the occupancy contract.
- Rents are regulated and can increase only within prescribed limits.
- Some housing cooperatives have developed wider social services such as kindergartens, services for the elderly etc.
- Coop by-laws rule the non-profit principle and the use of surpluses must be decided by the General Assembly or the meeting of the member representatives.

Cooperative Legislation in Germany

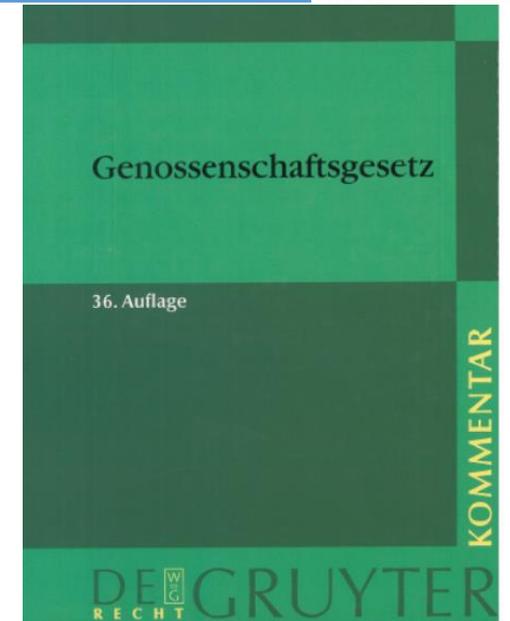


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- The „constitution“ for co-operatives in Germany is the Co-operative act.
- It dates from the 1889th. Last amendments have been in 2006.
- Advantage: One law for all types of cooperatives.
- Every coop has the obligation to give itself its own statutes in accordance to the Cooperative act.



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SATZUNG 2010

Mitglied im Verband der Wohnungsgenossenschaften Sachsen-Anhalt e.V.

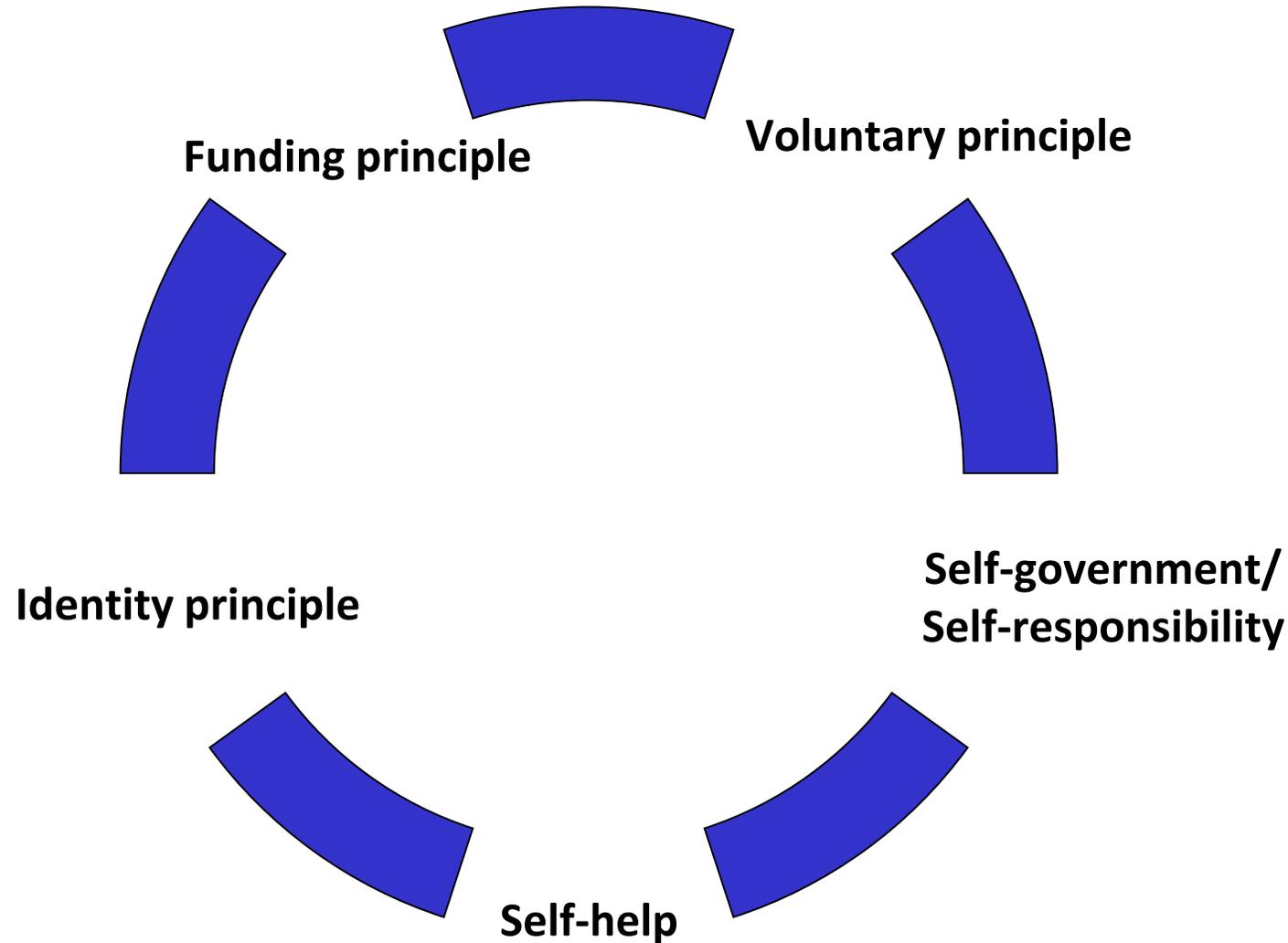
Principles of German Housing Cooperatives



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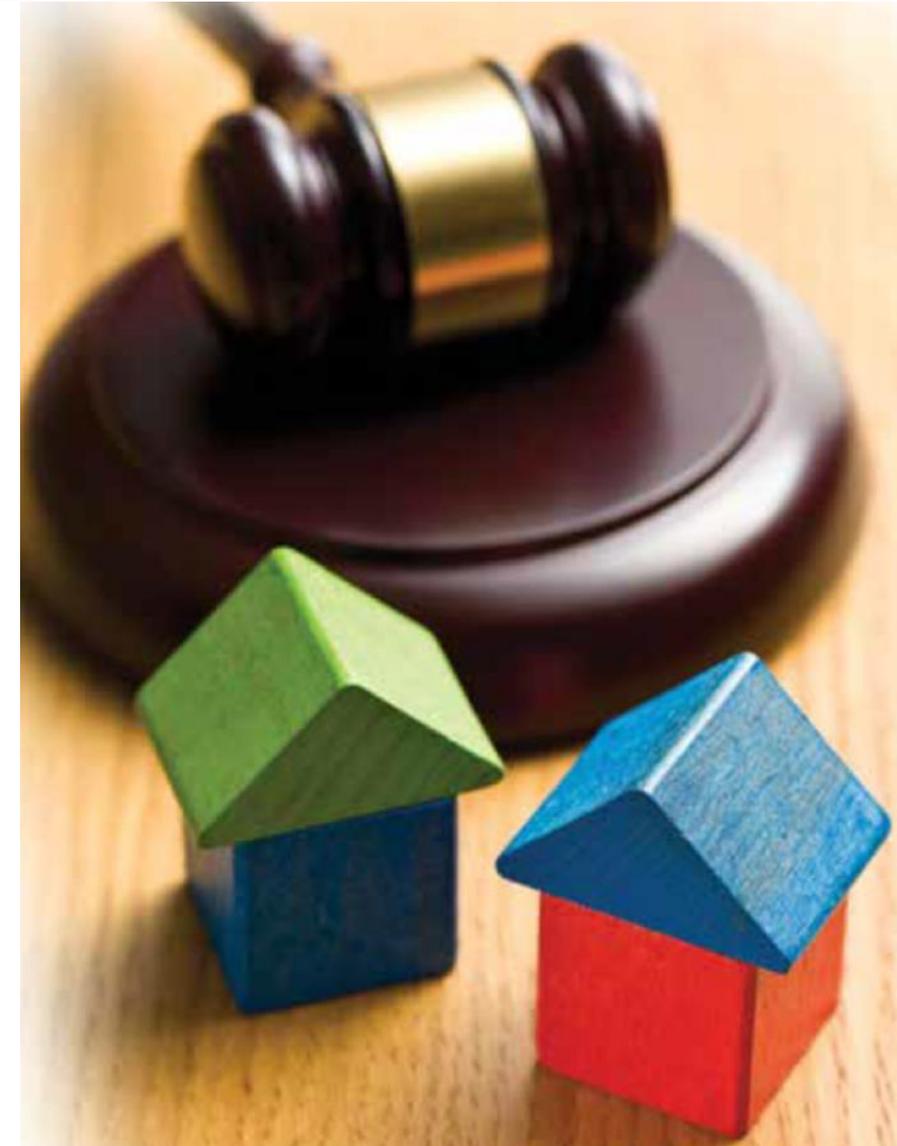


General Assembly = top decision making body

Housing Cooperatives with more than 1.500 members have an „Assembly of the representatives“ (and no general assembly)!

Responsible for:

- Amendments of the statutes;
- Determination of financial statements;
- Net income;
- Coverage loss for the year;
- Election/Dismissal Management Board (dispensable);
- Election/Dismissal Supervisory Board;



The Management Board has a very strong legal position – much better than in the German AG (stock companies or limited companies) or German GmbH (limited liability companies (Ltd)).

- Cooperative statutes allow, for example, purchase of land or of residential buildings;
- Representation of eG: Major-/Minor- or volunteering;
- Advantage: Management Autonomy / short reaction time;
- Disadvantage: control for the members is difficult.

The Supervisory Board is responsible for supervision and control of the cooperative management in terms of a long-term task.

- Consent powers and rights of appeal against the Executive to the limits of §27 GenG.
- Statutes allow, for example, to appoint members of the Board of Management – but only the General Assembly or the Assembly of representatives is able to remove members of the board.



Every housing cooperative must be member of an auditing association and pay membership fees.

- For housing cooperatives there is nearly one specialized auditing association in every state. The audit is mandatory.
- Every two years for small coop's. Every year for bigger coop's.
- Disadvantage of the traditional cooperative revision: expensive and extremely time-consuming,
- Advantage: Auditing means a consulting and supporting-auditing and is a well tested audit method, the successful legal auditing is a proof for good governance and insolvency-proof.



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Thank you for listening!

