

# Mutualism can offer an alternative vision for social housing to counter growing marketisation and creeping commercialism

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*The UK's housing system tends to promote home ownership above all other tenures. But mutual models could be a powerful counter to the marketisation of housing; there is strong and growing evidence of the existence of a 'co-operative imperative' that contrasts with the perceived advantages of competition, writes **Kevin Gulliver**.*



The last decade has seen renewed interest in and development of mutual models in UK housing. Yet the shape, history, performance and achievements of mutual housing have been largely uncharted since it constitutes only a small part of the UK's housing system. The UK is unusual when compared with norms elsewhere: housing co-operatives comprise around 5 to 15 per cent of other European national housing systems, 5 per cent in Canada, 12 per cent in Turkey and even 1 per cent in that bastion of free enterprise, the USA. The values that underpin housing co-operatives across the world, drawn from those established by the International Co-operative Alliance have also been significantly missing from UK housing.

This is the starting point for a [recent study](#) of mutual housing in the UK called 'More than Markets'. The study is set against the backdrop of the UK's housing system which mainly promotes home ownership above all other tenures. This is illustrated most recently by the government's introduction of a 'reinvigorated' Right to Buy for social tenants and the 'Help to Buy' initiative for would-be home owners, which have set house prices on an upwards trajectory again after four years of stagnation.

Alongside, there has been a gradual marketisation of social housing over the last twenty-five years and accelerated commercialism since 2010. The shift from traditional social to 'affordable housing' in the cut back publicly-funded housing development programme is seen by [many](#) as the demise of social housing.

Mutual housing is defined as that either owned or managed by groups of residents, usually via co-operatives. This form of mutualism is a powerful counter to marketisation since there is strong and growing evidence of the existence of a 'co-operative imperative' to set against the perceived advantages of competition. In addition, the cost-effectiveness of market and quasi-market approaches are being seriously contested by philosophers such as [Michael Sandel](#), who argues that the remaking of social relations in the image of market relations change the nature of social goods and crowd out often more cost-effective ways of delivering services. We have been mesmerised, says Sandel, by the apparent ability of markets to deliver greater cost-effectiveness and choice, concluding that more scepticism is required and that older ways of 'doing business', such as co-operation, have proven track records of sustainability.



(Credit: wetwebwork)

It is within the context of this policy debate that the evolution, value and potential futures of mutual housing in the

UK are discussed in our study. We found that the UK has a vibrant, growing, diverse yet small mutual housing sector with good performance across a range of indicators.

Some 195,000 homes are managed by mutual housing organisations equating to just 1 per cent of all UK housing. Organisational size varies from less than 10 homes in management to more than 15,000. The average size of organisations is 203 homes but 75 per cent manage less than 100 homes and 85 per cent less than 200. Mutual housing organisations have an annual turnover in excess of £531m, have shareholder capital of £494m and have in excess of 200,000 co-operating members. While considerable, this represents less than 0.5 per cent of social housing annual turnover and only 1.4 per cent of the £38bn annual turnover of the wider mutual economy.

The UK has a small number of secondary housing co-operatives, such as Birmingham Co-operative Development Services (BCHS) and Co-operative Development Services in London, developing new mutual housing models. For example, Redditch Co-operative Homes (RCH) is a 'green' co-operative managing 300 homes, placing a premium on existing co-operators helping new co-operators with housing developments and service, and on housing sustainability.

England, Scotland and Wales all have varied mutual housing histories and futures. England has the largest number of ownership co-operatives and tenant management organisations while Scotland has long tradition of community-controlled housing associations. Wales, supported by a sympathetic devolved administration, has pioneered the community mutual and is pushing for greater co-operative development supported by the introduction of a 'co-operative tenancy'. Community mutual are also a growing feature in England with council housing transfers in Rochdale and Liverpool to tenant and community-controlled organisations.

This is partly because there is growing evidence that mutual housing organisations are efficient housing managers when compared with other social landlords with rent arrears, vacancies and housing re-let times lower than national averages. They also compare favourably on repairs performance and housing 'indecentry' is dramatically lower. These findings are confirmed by the [Tenant Services Authority's](#) research which showed that housing co-operatives outscored all other landlord types on customer service, repairs and maintenance, dealing with complaints, looking after communal areas, helping with housing benefit, health and safety and neighbourhood safety. Additionally, satisfaction among tenants of housing co-operatives runs ahead of that in the social housing sector overall.

But where mutual housing organisations really score is in providing added social value beyond other forms of social housing. There is some preliminary evidence that controlling assets by tenants and low income groups has positive effects on personal and community wellbeing, as well as self-esteem, health, employment access and progressions, and life chances. Mutual housing organisations, such as community land trusts, are also in a unique position to combine economic democracy with provision of affordable and sustainable housing. The benefits arising from initial investment are long-term, creating housing in the interests of their members, and not to maximise profit for developers or shareholders.

Our study recommends that, given the advantages of mutual housing approaches and that a thriving mutual housing sectors is the norm in many other countries, we should extend it across the UK. We make three recommendations to achieve this ambition:

1. Extending the UK's 1 per cent co-operative housing up to European Union norms of 5 to 15 per cent with at least 500,000 social homes transferred into co-operative ownership over the coming decade. To achieve this, we need a future government to commit to facilitating this ambition against the backdrop of market orthodoxies.
2. Alongside, a new form of 'co-operative tenancy' should replace the current provider-consumer, feudal relationship between social landlords and their tenants.
3. A Tenants Mutual Finance Initiative should be created at the national level with regional outlets. This would operate in similar ways to the Children's Mutual, providing savings and affordable borrowing opportunities for

tenants through the creation and management of asset accounts for each tenant. The Tenants Mutual would not only be tasked with expansion of co-operative approaches in social housing but would fund new affordable housing development and aid renewal of community infrastructure.

*Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.*

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