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COOPERATIVE HOUSING AS A BASE FOR THE CARE OF CHILDREN AND ELDERLY

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Workshop 3 – Health, Assistance and Social Security

In general the cooperative movement in Sweden is dominated by some large, well-established consumer and producer cooperatives. Both types of organisations began in the early 19th century as grassroots movements. They have always been non-governmental. As in other countries, a cooperative society or association usually operates as a kind of company. The difference is that the cooperatives have the profit as a mean for the activeness. For the business companies the activeness is the mean for making profit.

The first consumer cooperative societies in Sweden arose mainly as a result of initiatives at the very local level. The reason for this was that people needed food, clothing and housing. The cooperative concept was very successful in Sweden and there were six organisations that all of them grew very fast. One interpretation is that they were all very successful in creating a strong democratic structure for the organizations on all levels; national, regional and local. Another interpretation has to do with the reformistic thrust which the labour movement soon assumed in Sweden. The consumer cooperatives and the political and trade union branches soon had a great deal in common ideologically.

Despite this common background, the consumer cooperative movement in Sweden has very carefully maintained its independence from all political parties and from the state and the government.

By around 1950 the Swedish consumer cooperatives had grown in a size and strength to the point where they attracted international attention and were even viewed by some observers as a model for other countries. By 1970s, however, rising costs and slower Swedish economic growth began to alter the situation for the cooperatives. In 1992 there was a financial crash in Sweden and big problems for banks and for the housing construction sector. Since then, the Swedish consumer cooperatives have taken steps to adapt to new economic realities and new demands from their members while continuing to adhere to the above-mentioned cooperative principals. I will come back to that question later on.

HSB

The letters HSB indicates the Tenants Savings and Building Society. HSB is an independent, member-owned cooperative organisation which has around 540 000 members, which comprises about 4 000 local cooperative housing associations among the tenant owners.

The overall vision of HSB is a holistic view of people, housing and social conditions. It wants to attract tenants of all ages and with different backgrounds.

The cooperative housing movement builds and manages dwellings in the form of one-family houses, mostly units in apartment buildings. I also manage such supplementary structures as day-homes for children day-care centres for elderly and even shopping centres.

Most of the dwellings produced by the cooperative movement are provided to residents in a way of “cooperative ownership.” In this for of lease, a so-called tenant ownership area is jointly owned and managed by the members of a housing cooperative. The activities of these cooperatives are regulated special by law, which are common to all the cooperatives belonging to HSB.

Tenant ownership entitles a member to utilise an apartment or other dwelling unit for an unlimited time. A member can also sell this right to utilise the apartment at market prices to another person who must be a member of the cooperative.

NEW OPPORTUNITIES FOR CO-OPERATIVE SOLUTIONS IN SWEDEN

In Sweden the Government and the local authorities have traditionally played a major role in the care of children and the elderly. Family members, non-profit organisations and companies have had a limited role when it comes to schooling and care. Most services have been provided by the public sector, primarily by the local authorities. The Swedish welfare model, also called *the strong society*, was created in the 1950s and developed rapidly over the decades that followed.

It was not until the 1980s that this model began to be the object of serious discussion, and private, non-profit and co-operative alternatives began to emerge on a larger scale. The local authorities started to actively seek various private and co-operative alternatives, primarily with respect to schools and day nurseries, for services that had traditionally been provided by the local authorities.

For HSB, co-operative alternatives are not a new phenomenon that has only emerged in recent years. Back in the 1930s before the Swedish model was established during the post-war era, HSB was already a pioneer by setting up day nurseries and providing services for the elderly. HSB opened the first day nurseries in the country in Stockholm and also opened colleges to train teachers to run them.

The co-operative alternatives to society's child and elderly care have, however, played a small role for many years. As a result of the discussions initiated in the 1980s about alternative ways to run these kinds of activities, more and more municipal services have been transferred to other organisations over the past few years, primarily by outsourcing to the lowest bidder.

As far as HSB is concerned, this naturally means that the future prospects are good. The strength of our organisation lies in the fact that it is present throughout the country with local operations in all of our residential areas. We do not therefore need to create new organisations to develop new co-operative activities for children and the elderly.

CO-OPERATIVE CHILDCARE RUN BY HSB

As I have already mentioned, HSB was the first in Sweden to create day nurseries for children. The first ones were opened high up in apartment buildings so that the children would have plenty of light and air.

In the 1970s HSB also reacted to the hegemony created by the local authorities at that time with respect to childcare. As a result, HSB developed a special program for childcare with the following primary objectives: *proximity, care and security*.

The idea was to establish small child-care groups with only 10 – 12 children in the immediate proximity of people's home.

In the 1970s and 1980s HSB built a large number of co-operative day nurseries to be run by parents or associations.

In addition to HSB's initiatives, co-operative day care for children has become very common in Sweden in general.

CARE OF THE ELDERLY – A FUTURE FOCUS FOR CO-OPERATIVE ORGANISATIONS IN SWEDEN

There is every indication that private or co-operative care for the elderly will continue to expand, and there are no indications that the increased demand we are currently witnessing will slow down. Companies working in this sector are becoming increasingly professional and experienced, the population is getting older, and the elderly and their family members want to be able to choose between different alternatives. In addition to this, earlier uncertainty in the political debate

has changed into a positive attitude to exposing municipal activities to various forms of competition. Current studies also show that the demand for personnel will increase at a faster pace than in other areas, possibly creating a shortage situation, which could lead to increased cost in the future.

Tomorrow's senior citizens will have increased buying power. The following factors indicate a development in this direction:

- The elderly have enjoyed a significantly higher growth in income and wealth, than other groups, throughout the 1990s. Senior citizens have a relatively low level of debt and low housing costs because their mortgages are paid off. The concentration of capital has shifted higher up in the age groups.
- People's demands for a good quality of life are increasing. This means that the demand will increase for advanced levels of service, housing and care.
- Senior citizens will demand more and have greater political influence.

In order for the current level of welfare funding to be maintained, the GNP needs to continue to grow throughout the Western World. A majority of Swedes – about 60 per cent – believe that the quality of elderly care provided by society will decline. This is a possible explanation for the strong increase in private pension saving plans in Sweden in recent years – from 8 per cent in 1980 to 30 per cent in 1997. In addition to this, about 60 per cent of people are saving in some kind of mutual fund.

According to studies carried out in Sweden, what most people want in order to have a good quality of life after retirement is to *be healthy and to live at home and close to their family*. Four out of ten are prepared to spend money on a *guaranteed service apartment or household services* such as cleaning. But very few are willing to pay the actual cost for these services, which is about EUR 25/hour. The reason the cost of cleaning services in Sweden is so high is that the tax on these services is very high. As a result, many people turn to the black market. A clear majority of Swedes are in favour of reducing the tax, thereby enabling people to buy household services, but the Government is unwilling to change the tax regulations. Today, only a few high-income or wealthy senior citizens can afford services such as cleaning, window-cleaning or other household services at the normal rate.

Several systems are currently in place in a number of municipalities in Sweden to enable the local authorities to purchase more services from private or co-operative entrepreneurs.

Outsourced elderly care services

Compared to other European countries, Sweden has come a long way in financing welfare systems with public funds and in transferring services to private companies. The potential market is enormous and the total cost for elderly care in Sweden is over 7-8 billion Euros. 3-4 billion of this is spent on special housing and approximately the same sum covers the cost of home-help services. This created an entirely new sector in Sweden in the 1990s, with large enterprises specialising in offering care services for the elderly.

Private elderly care, with a few exceptions, is a new sector in Sweden, in which most companies have low profitability and find it hard to recruit personnel. The rate of investment, however, is high, which indicates that shareholders believe the elderly care sector has future potential. The growth rate of the sector is currently between 20 and 30 per cent per year. The seven largest companies currently deliver about 50 percent of the services on the market and are growing at a much faster pace than smaller companies. If this growth continues in the same way as in recent years, an oligopoly market will emerge in which a few companies, all dependent on each other, will dominate the market. Increasingly, this development will mean that bigger companies will have a tougher grip on the elderly care sector.

Co-operative outsourcing

Unfortunately only a few companies offer co-operative elderly care services. There are just over 400 companies in Sweden that are active in elderly care (including care of the disabled) and 70 per cent of them are profit-making companies. Thus, only 30 percent are non-profit organisations. About 25 companies that work with elderly care have the word “co-operative” in their name and these are limited in size compared to the joint-stock companies.

Household services

An opinion poll carried out in 1999 showed that only four per cent of the Swedish population believed “the social security system will provide sufficient benefits in the future.” In answer to the question: “Have you started to save in a private pension fund or to save in another way to secure your retirement?” almost 50 per cent answered “yes.” There are still more men saying that they are saving for retirement or intend to do so than women. Saving increases gradually from the age of 24. In the over 61 age range, only 27 per cent of women are saving, compared to 71 per cent of men in the 46 – 50 age range.

Major differences were identified between the various income groups. One fifth of those earning less than 12,000 euro are saving for retirement, compared to two thirds of those earning more than 25,000 euro.

Pricing is a problem

It is very likely that Swedes in the future will be forced to pay for a larger portion of welfare services out of their own pocket. This will happen through increased fees for public services, purchasing of private services, or through private insurance policies.

Housing and household services in particular involve considerable costs for the elderly. Many senior citizens can probably afford to purchase services today that society can no longer fully or partially finance. This is a reasonable assumption bearing in mind senior citizens' financial strength (based on the situation today). Although healthier senior citizens will also have increased costs for food, clothing, travel, hobbies and other leisure activities.

HSB IN THE SENIOR CITIZEN MARKET

The number of senior citizens is increasing rapidly within HSB's housing areas. It is therefore important that HSB develops new services for its members. Many associations are interested in increasing member benefits by offering their members household services. The current target group is primarily senior citizens and the disabled that may or may not already be receiving services from the public home-help service that are insufficient. Offering elderly care services is seen as a positive step that will become more important in the future.

Half of the HSB associations already organise special activities for senior citizens. A quarter of the tenant-owner associations offer activities aimed at their retired members. The most common activities are study groups/courses and cultural events. Gardening and minor repairs are by far the most common services offered. Home visits for companionship, accompanied walks, shopping and window cleaning are also examples of frequently offered services.

The services that members are increasingly requesting are cleaning, window cleaning, companionship and attention, shopping and minor repair work. It is still not often, however, that HSB is able to offer home cleaning and window cleaning services due to the fact that high costs are preventing an increase in such services. For this reason, HSB is involved in activities to shape public opinion for the purpose of reducing the tax on services in the home in Sweden.

Within housing co-operatives today there is a trend towards offering more services to members of tenant-owner associations. Several different factors coincide here. Firstly, more and more apartment owners are senior citizens and are in need of assistance or attention in the home. Secondly, the municipal home-help service cannot meet everybody's needs. The local authorities are instead focusing on those with the greatest need. Thirdly, there is a large group of individuals who consider themselves able to afford to pay for home services.

Opportunities and competitive advantages

HSB is already an organisation that can handle finances, administration and logistics – functions that these new activities may need. Also, the tenant-owner associations already have efficient networks of people helping each other out. By working in co-operation with the local authorities and several of the other co-operative companies, it will be possible to develop unique concepts adapted to local conditions. HSB has the competitive advantage in relation to other new players in the market because of its name and good reputation. Tenant-owner associations have experience in internal funds, which should facilitate the introduction of services aimed at residents rather than being channelled as before into apartment renovations.