Intermediary housing tenures in Sweden: Developers’ response to inaccessible housing markets and its implications for tenant-buyers

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Abstract
In Sweden, long queues to rental housing and high purchase prices on the ownership market increasingly exclude also mid-income households without larger savings. This has prompted some housing developers to introduce intermediary tenures that have the potential to open up the housing market to a wider layer of the population. Among these models, there are intermediary tenures of a longer standing which are deemed to have potential for up-scaling. The aim of this paper is to analyse two shared ownership and two cooperative rental models from legal and economic perspectives to see to what extent, and subject to what risks, these models add to housing opportunities of the target groups. In doing so, we connect to the European literature on intermediary housing tenures and theories on institutions and property rights. The study implies that the concepts have the potential to scale up and reach larger target groups but that access to buildable land, stable financial solutions, and continued institutionalization of the concepts are essential. The concepts are largely based on existing tenures with existing legislation, potentially providing a safer and more predictable setting. However, financial literacy among buyers is limited, which calls for attention and continued intense information work by developers.

Keywords
Intermediate tenures; hybrid tenures; shared ownership; cooperative rental

Introduction
Most housing in Sweden is owned by the households living in it, either in the form of pure ownership or tenant-ownership. However, the rental sector is relatively large and characterized by a distinct security of tenure and restricted rents. Yet, rental is usually difficult to access in attractive housing markets due to long queues, income demands, needs for personal networks, et cetera. The ownership market is the only option for many, but prices have increased substantially over a longer period (Valueguard, 2022), which makes it increasingly inaccessible to households with no or small savings and limited income. Households might also choose to buy with very high loan-to-value and/or loan-to-income ratios, which has spurred stepwise tightening of housing financial markets by the state. Despite this, the Swedish financial supervisory authority expresses concern regarding indebtedness (Finansinspektionen, 2022). Recently, a state inquiry presented a proposal for state-guaranteed first-time buyer loans (SOU 2022:12). Previously, the problem has been discussed mostly in relation to the young, but increasingly also other groups are being pointed out as losers on the housing market (SOU 2022:12; SOU 2022:14).
After many years of intensive housing production, mainly in the upper market segments (Kalbro & Lind, 2017), developers are now seeking new markets. In response to the problems described above, some developers offer intermediary housing tenures, such as shared ownership and cooperative rental. Intermediate housing tenures have been described as in-between ownership and rental (Elsinga, 2012) and are often used to create more affordable housing or to support homeownership (Elsinga, 2012; Feather, 2018; Apps, 2021). Interestingly, several of these developers have a background in the cooperative movement but are today mainly acting as standard market players (Sørvoll & Bengtsson, 2018). The City of Stockholm also promotes rent-to-buy or shared ownership schemes in their housing provision program (Stockholm, 2020).

This paper analyses two shared ownership schemes and two cooperative rental schemes from legal and economic perspectives of presumptive buyers/residents and developers. The investigation aims to identify and discuss potential opportunities and risks to tenant-buyers, as well as the potential role of this type of initiatives on the Swedish housing market. The study connects to the European literature on intermediary tenures offering an additional case study on its legal foundation, economic prerequisites, and potential role as an affordable housing vehicle, assisting in elucidating the role intermediate tenures might play (or not) also in other countries.

In the following, we first summarize the point of theoretical departure, relevant literature, the legal and economic frames that the studied cases operate within and the research questions. Thereafter, we present the methods and the four case studies. Lastly, the studied cases are analysed and discussed, and conclusions drawn.

**Intermediate tenures in theory and literature and resultant research questions**

This section presents the theory, literature and legislation that produced the research questions.

**Theory**

Institutions have been described as constraints created by humans that structure political, economic, and social interaction. These constraints might be formal rules, such as laws, or informal rules, such as norms (North, 1991). Institutions in the form of tenures are social constructs, and perceptions and content of a particular tenure depend on the social, political, and cultural arrangements at a certain point in time (Ruonavaara, 2012). Tenures might be analysed using the bundle of rights they encompass, which ‘creates right of disposition and possibilities as well as distribute risk’ (Kalbro et al., 2009, p. 55). Bundles of rights might be broken down into the elementary powers of the right to use the property, exclude others from it, and transfer it, as well as the right to the value (Ekbäck, 2009). Besides formal property law, informal behavioural patterns might also impact institutional outcomes (Mandic & Hrast, 2019).

When considering institutional change, such as the introduction or expansion of intermediary tenures, both exogenous and endogenous sources of change should be taken into consideration (Mahoney & Thelen, 2010). Three reasons for a change of property rights institutions have been suggested: shifts in relative prices, shifts in preferences and other political parameters, as well as changes in production and enforcement technology (Libecap, 1989). To understand why and how institutions are created, used, and changed, it is necessary to understand the agents behind them and the problems they are meant to solve (Sened, 1997). In line with Sened, Bengtsson (2015) stresses the importance of political games between actors and...
the institutional rules and outcomes of such games to understand housing politics. Further, he points to tenure as the most important political institution related to housing. Hodgson (2006) argues that it is necessary to explain the incentives and disincentives of involved actors to understand how they interpret rules and why they choose to follow them. The way property rights are allocated and defined has distributional effects (Libecap, 1989).

Literature review
The concept of intermediate housing tenure is well established in housing research (e.g., Monk & Whitehead, 2010; Elsinga, 2012; Apps, 2021) and is also referred to as hybrid tenures (e.g., Haffner & Brunner, 2014; Feather, 2018). Elsinga (2012, p. 124) defines the concept as tenures ‘…with a bundle of housing rights in-between owning and renting’. Further, Elsinga (2012) distinguishes between temporary versus permanent intermediate tenures: temporary tenures are to result in homeownership, while the permanent segment remains intermediate. The intermediate tenures are often described as supporting homeownership or merely being a more affordable alternative (Feather, 2018; Apps, 2021). In the literature, ‘the middle’ and key workers are recurring groups depicted as being in need of intermediary forms (e.g., Apps, 2021).

Different intermediate tenures have been developed across the world (cf. Elsinga, 2012; Sørvoll & Bengtsson, 2018; Schaefer & Tutin, 2021). The given definition of intermediate tenures focuses on a ‘rights perspective’: a form of tenure is based mainly on the rights and obligations it entails. In the case of intermediate tenures, this bundle of rights is positioned somewhere between rental and ownership. However, the categories of rental and ownership themselves can be ‘fuzzy’ (Marcuse, 1994), and also, tenures within the same categories can vary a lot between countries (Ruonavaara, 1993). Furthermore, the rights and obligations that are considered essential may differ (cf. Marcuse, 1994; Elsinga, 2005; Bergsten & Paulsson, forthcoming).

A number of housing purchase schemes, such as rent-to-buy and shared ownership schemes, with varying degrees of governmental support, exist in numerous countries (e.g., Schaefer & Tutin, 2021; Le Duff et al., 2021; Christiansen, forthcoming). Le Duff et al. (2021) have studied 15 schemes in 11 countries and draw the conclusion that when schemes are not subsidized, they reach only mid-income or upper mid-income households, not lower-income groups. In the UK, where planners regularly include shared ownership as an affordable alternative in developments, Nanda and Parker (2015) ask for more evaluation of the form and its affordability. Clarke (2017) concludes that shared ownership has become recognized and understood by buyers, housing associations, as well as lenders and predicts its continued growth in the UK.

Cooperative housing has been described as a ‘niche’, and ‘state support and recognition’ are identified as decisive factors for its expansion (Ferreri & Vidal, 2022. p. 150). Sørvoll and Bengtsson (2018) distinguish between rental cooperatives and homeowner cooperatives. In Sweden and Norway, homeowner cooperatives are established tenures with a long tradition. Sørvoll and Bengtsson (2018) describe how these tenures were once seen as civil society institutions but have developed in a market-driven direction without price regulations. Rental cooperatives, however, remain a ‘niche’. Ferreri and Vidal (2022) suggest that to expand the tenure, a public–cooperative nexus (where a favourable legal and policy environment support production, accessibility, and decommodification) is needed, but also point to the importance of non-state institution-building to preserve the tenure. Further, Ferreri and Vidal underline the need for access rules that guarantee openness such that insularity is avoided.
Swedish housing tenures

Tenures in Swedish multi-family housing can be placed within a continuum between rental and ownership (figure 1). The resident’s right to a housing unit differs between tenures, and the position of a tenure on the continuum is based on the resident’s control over their home. Below, the legal regulation of housing tenures is briefly described to position the studied intermediate tenures within this continuum.

Around 58 percent of Swedish multi-family housing is rental (Statistics Sweden, 2022). The rental legislation is found in the chapter 12 of the Swedish Land Code. Based on a tenancy agreement, a tenant may exclusively use an apartment and shall pay rent to the landlord (cf. Björkdahl, 2020). Generally, rents are set according to a utility value system that is said to have the same effect as second-generation rent control (Kettunen & Ruonavaara, 2021), but exceptions apply to newly produced apartments.

The landlord is responsible for maintenance, and tenants have the right to make minor changes to the apartment. Tenants have a strong security of tenure (e.g., Bengtsson et al., 2022; Björkdahl, 2020). The rental agreement can be terminated due to extensive misconduct by the tenant or late rent payment. Subletting requires permission from the landlord or rent tribunal, and the rent may not be increased. The agreement may not be transferred as a main rule; however, under some conditions, the apartment can be exchanged for another housing unit without compensation (Granath Hansson et al., 2021).

Sweden introduced owner-occupied apartments only in 2009 (Paulsson, 2013). The tenure is regulated in the existing real property legislation and, thus, not in a particular law. Ownership represents the fullest rights related to exclusive use and disposal. The owners are fully responsible for maintenance and hold extensive rights to make changes in the apartment. No provision can force an owner to move or sell the apartment. There are no restrictions on transfers or letting of the apartment. However, if the owner lets the apartment to a tenant, the rent level is restricted according to the rules in the Private Rental Act.

Tenant-ownership is one of the major tenures in Sweden, encompassing 42 percent of the multi-family housing stock (Statistics Sweden, 2022). The tenure is an indirect form of ownership; a tenant-ownership association owns the property, in which the association members are granted an exclusive right to use a specific apartment (Victorin & Flodin, 2020). The form is regulated by the Tenant-Ownership Act. The tenant-owners’ possess an exclusive right to use an apartment. The association must have statutes, a board running day-to-day administration, and general meetings in which members can influence the association. Responsibility for maintenance of the apartment rests on the tenant-owner, who also holds a far-reaching right to make changes and renovations (Victorin & Flodin, 2020). If a tenant-owner does not fulfil his or her obligations, the use-right to the apartment can be forfeited. The tenant-ownership can be transferred; however, the buyer must be approved as a member. In 1968, prices of tenant-ownership apartments were deregulated, and the ten-
ure is today fully market-priced (Sørvoll & Bengtsson, 2018). Subletting a tenant-ownership apartment requires permission from the board or the rent tribunal. The rent must be set according to the rules in the Private Rental Act (Granath Hansson et al., 2021). The shared ownership models in this study are realised in tenant-ownership associations.

Cooperative rental has a century-long history in Sweden (SKB, 2016), yet it is still a relatively small tenure that comprises only a small proportion of the housing stock. The only larger Swedish association is SKB in Stockholm (SOU 2000:95). The Cooperative Rental Act was introduced in 2002 in an attempt to expand the tenure and provide existing associations with a legal frame (SOU 2000:95). The tenure is organized as an economic association providing housing to its members. Cooperative rental might be structured as an ownership model, where the association owns the residential building(s), or a rental model, where the association rents the building(s) and lets the apartments to members. The association must have statutes, a board running day-to-day administration, and general meetings in which the members can influence the association. Cooperative rental is not subject to the legislation on rent setting. Members pay a membership deposit, which is repaid when the tenancy and/or the membership ceases. The basic idea is that the tenant shall not be able to make a profit from the apartment. Tenants in cooperative rentals are generally subject to the same rules as other tenants, but responsibility for maintenance can be assigned to cooperative tenants in the statutes (cf. Victorin & Flodin, 2020).

In Sweden, tenant-ownership and cooperative rental have a common history as a means to improve the housing situation of modest-income households from the early 1900s onwards (SOU 2000:95). The tenures have many traits in common, as the economic rationale behind them is similar: joint investment, risk sharing, and management among a group of households has the potential to attract financing and lower entry costs. However, as pointed out above, tenant-ownership is far more common than cooperative rental today.

Research questions
Based on the above, the research questions were formulated as follows:

1. Why are the models created and used? What main incentives do the involved actors have in creating and using the models?
2. How are the legal and economic frames of the models delimited? What are the drivers in model design? What consequences do model design have to tenant-buyers in terms of legal and economic security?

Methods
As a response to inaccessible housing markets, several different housing concepts aiming to facilitate entry have been developed in Sweden in recent years. Several of these are interesting initiatives to analyse further from different perspectives. Therefore, a multiple case study was conducted, including four models that are deemed to have a potential for upscaling in the near future: two cooperative rental and two shared ownership schemes. Since shared ownership is a novelty in Sweden, both cases describe new concepts. Cooperative rental, on the other hand, has existed in Sweden for a century, and therefore one new concept is contrasted to an established one in order to investigate the differences in prerequisites.

The results of this multiple case study are based on a literature and document study, as well as interviews. To describe tenures and gain a general understanding of the concepts and their design, a literature study on intermediate tenures and a document study related to
Swedish tenure legislation were conducted. Further, case documentation from developers’ websites, media, project examples, sample agreements, statutes, et cetera, were collected. An exploratory interview with a facilitator consultant, who has been involved in many cooperative rental projects, was also conducted to scan for further interesting questions and angles. Based on the background information gained from the literature and documents studies, as well as the exploratory interview, additional interviews were made related to questions regarding why a particular design was chosen, considerations regarding the design, potential difficulties, et cetera. Given that most models are new and relatively untested, the study is limited to interviews with developers. One representative of each developer with good insight into the model and internal discussions on various choices made in concept development was interviewed; however, to some extent, the answers and focus may differ depending on the interviewee’s orientation and role in the company. In future research, a broader set of professions could be interviewed to potentially grasp more facets of the models. In a next step, when the models have existed for a longer period of time, tenant-buyers’ perspectives should also be incorporated. Further, as most of the data stems from developers, efforts were made to analyse the material critically. The interview guide was sent to the interviewees in advance. All four case study interviews were recorded, with permission, and subsequently transcribed. The interviewees were allowed to read the results section related to their case and gave their consent. Documents were collected between April and June 2022, and interviews conducted in June 2022.

As case studies are delimited in space and time, the generalizability of findings will be limited. However, the main aim of this study is to understand the future role that intermediate housing might have on the housing market, and therefore this initial study will have value as a baseline for future research and comparisons with other countries.

Results from the case studies
In this section, the results from the four case studies are presented: first, the two cases of shared ownership schemes, followed by the two cases of cooperative rental schemes.

The shared ownership schemes
Below, two cases of shared ownership schemes are presented: HSB Dela and OBOS Deläga. Figure 2 illustrates how shared ownership relates to the other tenures.

![Figure 2. Illustration of shared ownership as an intermediate tenure.](image)

Case HSB Dela
HSB was founded in 1923 to improve the housing situation of its members. Today, the association is owned by 670,000 members and develops and manages tenant-ownership apartments and rental housing. HSB has long observed the increasing difficulties of younger households...
to enter the housing market due to price developments, inter alia based on experiences from their housing-savings program. The HSB Dela concept (HSB Share) was initiated to make it possible for younger households to purchase an apartment with a lower share of equity and use their HSB savings. The target group is HSB members aged 18–29. Up to June 2022, one pilot project has been completed and sold, while 100 apartments are under development.

In the HSB Share concept, the resident purchases 50 percent of a tenant-ownership share while HSB holds the remaining 50 percent (HSB, n.d.a.). HSB waives their right to use the apartment, and the resident gets the full right of use in accordance with a co-ownership agreement between the resident and HSB (HSB, n.d.b.), and to applicable parts, the Law on Co-ownership applies. The resident is given an option to purchase the remaining 50 percent (all at once) at the earliest after five years and at the latest within ten years; such purchases are made at market price (ibid). If the remaining share is not purchased within ten years, the tenant-ownership apartment shall be sold on the open market. Furthermore, the resident may demand such a sale at any time (ibid). The resident bears the expenses related to the sale; any gain or loss from the sales is shared between the resident and the company (ibid).

Under the period of co-ownership, the resident covers the whole monthly fee to the tenant-ownership association and additionally pays a fee to HSB for the use of the share of the apartment belonging to HSB (ibid). In the agreement, it is stipulated that the resident is fully responsible for maintenance, and larger changes or renovations require consent from the company. Also, subletting requires consent, and the rent may not exceed cost-based rent. If the resident breaches the agreement or the tenant-ownership is forfeited, the company may demand that the co-ownership be dissolved (ibid).

HSB intends to use HSB Share in the three largest Swedish cities and selected larger towns. They emphasize their Share concept in all applications for municipal land allocations where they see that the concept can be viable. Up to 20 percent of the apartments in a tenant-co-operative association might be sold with the sharing concept. The concept is mainly applied in areas deemed attractive to the young, and the apartments are primarily one and two-room apartments of varying prices. Apartments with the highest price per square metre are excluded. In some projects, specific apartments are chosen from the start for the sharing concept; in others, potential buyers indicate their interest in a particular apartment which is only thereafter chosen for the concept.

The basic idea is that HSB shall act as a ‘silent owner’ and that the buyer shall act as a full member of the tenant-ownership association. When the model was created, there was a discussion on the appropriate level of entrance share and if various levels could be applied; 50 percent for all was chosen as HSB deemed it desirable to have an as clear and simple design as possible. That level was also considered to make access easier while still making it probable that the buyer would be able to purchase the remaining 50 percent. The option to buy the remaining 50 percent is activated after five years to avoid speculation. The pricing of HSB Share projects is based on the assumption that the buyers will be young households having finished higher education and their expected current and future income. The total monthly cost of a Share apartment is supposed to be equivalent to a similar rental apartment. Initially, banks were somewhat hesitant about the concept, but with time and targeted information, most Swedish banks are familiar with the model and lend to buyers. There was no fee for HSB’s share of the apartment in the pilot project. This setup was, however, discontinued as the capital cost for HSB and the dependence on a positive market development were deemed too high. The risk that the concept would be used by people who did not need it was also considered.

The potential for scaling up HSB Share depends mainly on the interest in the model and the financing. Until now, interest has been evident mainly in the two largest cities, Stock-
holm and Gothenburg; according to HSB, it is unclear if this depends on the concept being new and partly unknown or if there are more alternatives in other cities. Since the target group is young adults, the purchasing process is usually new to buyers, which might also influence the understanding and process. Furthermore, the model requires HSB to tie up capital for up to ten years; at the same time, they are aware that young households are more mobile than the average citizen is and that it is difficult to foresee how long company funds remain invested. HSB is a larger actor in the Swedish housing market but still has a limit to the capital volume they wish to tie up in the Share concept. To reach large volumes, HSB sees the need for additional investors. Also, the newness and understanding of the model have proved difficult; thus, information work needs to be extensive. Yet another difficulty is that since the monthly fee is not regarded as rent, value-added tax applies, reducing yields and investor interest. Overall, it is difficult to predict the model’s results at this early stage of model implementation. More time and more projects are needed for better analysis. The state inquiry on starter loans, and the uncertainty surrounding the effects thereof, is also mentioned as something that will influence the future of HSB Share.

(The case study is primarily based on information from an interview and a mail exchange with Jonas Andreasson, Head of Finance and Development at HSB, on June 9, 2022; other references are marked in the text.)

Case OBOS Deläga

OBOS was founded in Norway in 1929 as a cooperative organization inspired by Swedish HSB (OBOS, n.d.a.). The 500,000 members in Sweden and Norway own the company (OBOS, n.d.b.). The OBOS Deläga concept (OBOS CoOwn) was established in Sweden in 2021 to make it possible for a larger number of members to buy newly built homes. As of yet, no one has moved in within the Deläga scheme.

In the OBOS concept, the resident is expected to purchase at least 50 percent (but can choose to purchase 60, 70, 80, or 90 percent as well) of a tenant-ownership apartment, while OBOS holds the remaining share (OBOS, n.d.c.). The parties enter a co-ownership agreement that stipulates what shall apply between the parties (OBOS, n.d.d.) in addition to applicable parts of the Law on Co-ownership. Under this agreement, OBOS waives their right to use the apartment, such that the resident gets the full right of use. The resident holds an option to purchase the remaining share from OBOS for a period of ten years (there is no lower time limit); either the entire share or parts of it can be purchased gradually. The price for such shares shall correspond to the market price; however, it cannot be lower than the initial price of the share (ibid). If the resident does not hold the entire share after ten years, OBOS holds the right to demand that the tenant-ownership apartment shall be sold on the open market; the resident may demand to leave the co-ownership at any time (ibid). In case of a sale, the resident and the company share the expenses as well as any gain or loss therefrom, all based on their shares (ibid). The parties share the monthly fee to be paid to the tenant-ownership association based on their respective shares; the buyer also pays a fee to OBOS for the use of its share. Under the agreement, the resident is responsible for maintaining the apartment. Furthermore, major changes in the apartment or subletting the apartment require consent from OBOS. If the resident breaches the agreement, the company has the right to call for a sale of the tenant-ownership (ibid).

OBOS has a variety of members of different ages. The concept was not created for a specific target group, but is open to all. Primarily younger households that have recently finalized their education have bought apartments with the concept in Sweden, usually purchasing 50 percent of the apartment at the start. In Norway, where the model was introduced
OBOS describes their concept as a housing purchase scheme. The Swedish model is based on their Norwegian concept with a few changes to accustom it to Swedish prerequisites. The Norwegian version was, in its turn, modelled on the British shared-ownership model. In developing the concept, there was also a discussion on a rent-to-buy scheme. However, the shared-ownership form was deemed more aligned with the Norwegian housing regime, and there was also a wish not to involve the rental legislation as such a scheme would. Furthermore, it was considered necessary that the model should not be perceived as a partial rental model but as a co-ownership of the apartment. In that sense, OBOS does not see the concept as a ‘new form of housing tenure’ but instead as a gradual path to ownership. OBOS points out that there needs to be an incentive for the buyer to purchase 100 percent in the economic structure of the model: Their point of departure is that the monthly cost to the buyer shall lie between full purchase and rent for a newly built apartment, as there needs to be room for saving towards purchasing a larger share and eventually becoming a full owner. Further, the possibility for buyers to only pay half the downpayment is what OBOS sees as the major opportunity for people to take the step into the owned market.

OBOS underlines the concept when they apply for municipal land allocations. The comprehension of and response to the concept vary, particularly between smaller and larger municipalities. The company has received two land allocations due to the concept, which were deemed to add to social sustainability. Furthermore, there is also a process to inform banks more thoroughly on the concept and hence persuade more banks to lend to buyers.

The model is continuously evaluated by OBOS, balancing business value for their members and the competitiveness of the offer to potential buyers. Yet it is too early to say how large demand will be. So far, it has noted an increased interest; however, not all homes offered with the concept are finally sold on that basis. One explanation might be that the concept is new, and OBOS is a relatively new housing developer in the Swedish metropolitan areas. The model’s future also depends on the outcomes of the state inquiry on starter loans and its implications for the OBOS concept.

(The case study is primarily based on information from an interview and a mail exchange with Catarina Carlén, Market Responsible for the OBOS Deläga concept at OBOS, on June 2, 2022; other references are marked in the text.)

The cooperative rental schemes
Below, two cases of cooperative rental schemes, SKB and Bokoop, are presented. Figure 3 illustrates how cooperative rental relates to the other tenures.
Case SKB

SKB, *Stockholm Cooperative Housing Association*, was founded in 1916 to improve the deplorable housing conditions that prevailed in the rapidly growing city of Stockholm (SKB, 2016). Today, SKB is the largest actor in cooperative rental in Sweden, with 92,000 members and owning 8200 cooperative rental apartments in seven municipalities in the Stockholm region (SKB, n.d.a.). Membership in the association is open to all, and the apartments are allocated to members according to time in queue.

SKB describes its activities as not for profit and points out that all surplus is reinvested in the housing stock to the benefit of the members. The association is financially stable with good creditworthiness, which makes bank borrowing and financing through the bond market uncomplicated despite the relatively unknown tenure. When SKB was founded, 10 percent of the initial capital came from the members, 30 percent was borrowed from banks, and 60 percent from the members’ employers (LM Ericsson and Atlas) (SKB, 2016). Also, today, the capital invested by the members plays an important part, inter alia, as no interest is paid. However, the members that are still in the queue to get an apartment may withdraw their investment in the association at any time. Therefore, the association needs to take that into consideration.

SKB is one association managing all the properties and members in all seven municipalities. Members pay a smaller yearly membership fee of 250 SEK (approx. 25 EUR) and also invest in a housing savings deposit of up to 20,000 SEK (approx. 2,000 EUR) (SKB, n.d.b). If a member leaves the association, the share is repaid (without interest). When a member is allocated an apartment, he or she is to pay an additional higher deposit. For apartments built before the year 2000, the deposit is 586 SEK (approx. 59 EUR) per square metre, while for apartments built after the year 2000, up to 10 percent of the production cost applies (SKB, n.d.b). This means that deposits for newer apartments are considerably higher than for older ones. SKB claims that rent in a new apartment is at least 5 percent lower than for a similar rental apartment in the same area (after the effect of the fee has been considered). When a member has been allocated an apartment, he or she does not lose his or her time-in-queue, which means that he or she may freely move around in the stock of the association according to his or her needs. However, it also incurs costs to the association to have a higher turnover rate in the stock.

SKB has a clear vision for its buildings. They are not always surface-efficient as they include neighbourhood venue facilities, stairwells with daylight, large bike storages, common laundry rooms, and private storage rooms. Every block has a designated janitor taking care of approximately 120 apartments. This is pointed out as a measure that creates stability and continuity. In each block, a council is elected by those living there. The block council shall assist in electing a representative for the association council and arrange activities in the block to enhance comfort and security in the area, for example, cleaning days and barbeque nights. The neighbourhood venue might also be used for study circles, et cetera. The intensity of common activities varies greatly between blocks, and SKB has noticed that older members are often more engaged in such activities. The members are said to know their neighbours and be engaged in their area, which inter alia shows in reports on illegal subletting. However, those in the queue are not reported to consider the tenure as an advantage. Instead, some see it as a fee-financed housing queue to a well-managed housing stock; thus, the result of being a cooperative association is valued rather than the form itself among newer members.

SKB aims to produce 200 new housing units a year, with a range of one to six-room apartments in every project. The good financial standing of the association makes it possible to produce this amount of housing without risking compromising the credit rating. However,
the availability of land, especially in central locations, is a hurdle to larger production. SKB points to the need for sound project calculus and that construction must take place in locations where there will be no problems with letting apartments and hence not risking the financial stability of the association. When a municipal land allocation is based on the highest bid for the land, SKB seldom participates in the bidding process. The association leases land for parts of the existing housing stock and favours leases also in new developments. SKB prefers to participate in municipal land allocations where the municipality sees extra value related to cooperative rental units. As an example, SKB acts as an anchor developer expected to contribute to stability and security in a couple of new development areas.

(The case study is primarily based on information from an interview and a mail exchange with Claes Berglund, Head of Lettings and Digitalization at SKB, on June 2, 2022; other references are marked in the text.)

Case Bokoop

Bokoop is an economic association with the purpose of creating cooperative rental apartments with affordable rents. The association targets areas with a housing shortage and develops large-scale projects (Bokoop, 2022). The association was founded in 2017 (Public Housing Sweden, 2020), and a pilot project consisting of 145 apartments was completed in 2022. The pilot project is located in Nykvarn, in the south of the Stockholm metropolitan area. The project initially targeted young households with difficulties entering the housing market. However, as planning progressed, there was great interest also from other types of households, for example, single parents, pensioners, and key workers. Apartments are let through municipal housing queues. Households aged 18–31 get priority in the allocation of one- and two-room apartments, while larger apartments are let to any type of household. When Bokoop let the first 46 apartments, almost 2000 households applied.

The pilot project was initiated as a first step in organizing housing development at a larger scale for a broader target group. Based on the goal, investigations were made into possible tenures, financing setups, construction techniques, energy systems, et cetera. Regarding tenure, the choice fell on cooperative rental as it was deemed to have the best prerequisites for a large-scale financial model. Bokoop does not deem the targeted households capable of financing or organizing the project themselves; hence the role of Bokoop is to assist in the organization of the cooperative and the project, as well as arranging the financing. Bokoop sees advantages in that statutes are adopted and that this creates an opportunity to formulate their own rules mainly related to rent setting and maintenance. According to Bokoop, it is possible to avoid ‘old structures’ and replace them with a cooperative structure that can be steered and organized based on the needs of the residents. Further, they see an advantage in the possibility of scaling up cooperative rental, that the cooperative can encompass a number of properties and be made national. Present legal regulations are regarded as well functioning and clear. Bokoop finds that the members have understood the setup well, as many ‘think tenant-ownership’ and that they shall cover costs.

Households that have been allocated an apartment pay a deposit of six times the monthly rent, or minimally 30,000 SEK (approx. 3000 EUR). Further, residents pay a monthly rent, a membership fee, and energy and waste service charges. The membership fee of 399 SEK a month (approx. 40 EUR) pays for collective services such as internet access, an electric carpool, and an e-purchase delivery station. The collective services are seen as a possibility to reduce the total monthly costs of members. Individual choices on what services are included in the package can be accommodated to a certain extent.

Bokoop is set up as one cooperative that operates nationwide, although each project has
its own accounts. A professional board runs the cooperative, with competence requirements for board members. Two of the board members, living in the cooperative buildings, are elected at the general meeting. Bokoop has sought passive capital investors who only wish to own the property and accept a lower yield based on the assumption that the project is low risk. The cooperative association rents the property from the investor under a 25-year block rental agreement, which makes the development of rents predictable for a long period of time. The deposits are seen as additional security; when the sum of all deposits grows over time, there might be room for rent reductions due to the lower contract risk and hence lower yield demands from the investor. Under cooperative law, the deposit should be paid back when a member resigns from his or her membership. In the pilot project, depreciation is deducted from the repaid amount. Bokoop claims that rents are, on average, 30–60 percent lower than for other newly built apartments in the area (e.g., Bokoop, n.d.a). The pilot project has been bought by Trenum, a joint venture between a publicly traded real estate investor and a state pension fund.

The buildings are erected using an industrial prefabricated concept similar to the so-called Kombohus developed by Public Housing Sweden. Apartments are limited in size (1–4 rooms and 28–68 sq. m.), and materials and installations were chosen to be economical and sustainable in long-term management. All apartments have a washing machine and an unheated storage room in the yard, and all but the smallest also have balconies. Apart from a laundry room and an e-commerce building, there are no communal spaces in the buildings. Bokoop has not taken the initiative to arrange social activities, but delegates such action to members should there be an interest. Furthermore, they emphasize that they focus on creating affordable, environmentally friendly housing.

Financing models, organizational frameworks, and the industrial construction concept are deemed to have worked well in the pilot project. The model is financed enabling the construction of 3000–4000 new apartments in an initial phase. To be able to scale up the pilot project, Bokoop deems municipal land allocations in suitable locations to be pivotal. Land allocations in less attractive housing markets are deemed difficult to deliver on now that state investment subsidies have been discontinued.

(The case study is primarily based on information from an interview and a mail exchange with Olof Landgren, Chairman of the Board at Bokoop, on June 7, 2022; other references are marked in the text.)

Analysis and discussion
Below, the two research questions are analysed and discussed connected to the theory and literature.

Actor incentives to create and use shared ownership and cooperative rental
As the literature points out, intermediate tenures often aim to offer something that the housing market lacks, such as affordable housing or support for homeownership. In line with Libecap (1989), shifts in relative prices are driving the development and use of intermediate tenures in Sweden today. New preferences for home ownership, also related to lower-income households, and enforcement technology in the form of new financial schemes also come into play. Three out of four cases in this study aim to facilitate entry into the housing market, HSB and OBOS through support towards homeownership and Bokoop through the organization of cooperative housing. Young adults are in focus, but Bokoop and OBOS have also noticed a more extensive group demanding their housing, including single parents, pen-
sioners, and key workers. This is largely in line with the Swedish debate, where a significant focus has been on young adults’ housing situation but where other groups are also increasingly described as dealing with these difficulties. Although far from the affordable housing debates involving ‘the middle’ and key workers in other European counties, there are signs that such concerns are also starting to influence the Swedish housing market. Political games between housing actors related to target groups are expected to influence political outcomes and have influence on for example land allocation and financing (cf. Sened, 1997; Bengtsson, 2015). The fourth case, SKB, was originally founded to improve the housing conditions of lower-income earners but is today associated with long queues and a lack of specific target groups, in some senses showing signs of insularity and lack of openness (cf. Ferreri & Vidal, 2022). Here, informal behavioural patterns influence institutional outcomes (cf. Mandic & Hrast, 2019), and the importance of endogenous sources of change is visible (cf. Mahoney & Thelen, 2010).

The future of new concepts depends on the potential to scale up, reaching economies of scale and making it worthwhile to administer and develop them. The incentives and disincentives of developers to initialize and scale up models are outlined below in an attempt to understand how developers interpret rules related to the intermediate tenures in use and how this shapes model design (cf. Hodgson 2006). While SKB is established, owning 8200 apartments and expanding gradually by approximately 200 housing units per year, the other concepts are still in an establishment phase. The developers see the potential for scaling up but also challenges mainly related to buildable land and financing. The process to access buildable land, often in the form of municipal land allocation, which is a powerful institution in many Swedish housing markets, is described as the primary obstacle for Bokoop. SKB also finds access to suitable land an obstacle and rarely participates in municipal land allocation competitions based on price because they find it challenging to measure up. However, some of their projects are recognized by municipalities for creating security and stability in neighbourhoods, which sometimes is an advantage in land allocation competitions. Both OBOS and HSB emphasize their shared ownership schemes when negotiating land allocations with municipalities, which at times have been perceived as contributing to social sustainability goals.

Regarding the financial hurdles, none of the four concepts is subsidized but are all purely developer-driven by cooperative developers. Accordingly, their decisions must be motivated toward members and commercially viable not to jeopardize the association’s financial standing; the three larger actors describe this as a balance between a competitive offer to tenant-buyers and considerations toward existing members. Further, in the shared ownership schemes, funds are tied up for longer periods on low returns, constituting a basic constraint on the models. One actor described that co-investors would be needed to scale up, which was deemed hard to achieve based on the low yields involved. The new cooperative rental developer Bokoop, however, claims to have interested investors to finance an expansion of their concept, and the older SKB has a capital base large enough for its present development activity. Interestingly, and in contrast to the literature, subsidies are not mentioned as a requirement to realize either shared ownership or cooperative rental in attractive housing markets. However, Bokoop mentions subsidies as an enabler in Nykvarn and as a prerequisite to develop cooperative rentals outside the larger city regions. The need for subsidy is tightly related to expected target groups; here, there might be a discrepancy between expectations in these projects and those expressed in the literature (cf. Nanda & Parker, 2015; Le Duff et al., 2021; Ferreri & Vidal, 2022). In summary, the above implies that models are naturally constrained on the basis of access to land, incentives, and the financial capacity of developers.
Furthermore, for the concepts to become larger, it is vital to achieve some level of recognition and institutionalization, where parties needed for realization are aware of the concepts and understand them (cf. Sened 1997; Clarke, 2017). Here, developers put effort into non-state institution building (cf. Ferreri & Vidal, 2022). The need for extensive information to customers, but also lenders and municipalities as landowners, was described as essential. Intermediate tenures are not always well known, and the degree of institutionalization is relatively low. Thresholds related to land and financing might be more easily overcome in the shared ownership schemes based on the long standing and recognition of the tenure tenant-ownership and, at least in Stockholm, the support of the city in land allocations. However, the road to finding viable solutions might be lengthy and require considerable effort, especially by developers. In the absence of alternatives, developers might be incentivized to continue to develop their concepts. The willingness of municipalities and financial institutions to engage in projects will probably be influenced by the outcome of pilot projects.

In line with Ruonavaara (2012), perceptions and content of cooperative rental have changed over time as views on housing provision and responsibility of involved actors has changed. First, there is a distinct difference between the old and new cooperative rental models studied here. The case SKB is based on the ownership model and the case Bokoop on the rental model (cf. Sørvoll og Bengtsson, 2018). Establishing new cooperatives that own all their properties, as SKB, seems very difficult today, especially when trying to make housing affordable, considering the small size and lack of equity of new associations, the large amounts of capital needed, and the lack of subsidies. When SKB was first founded, it had extensive support from the members’ employers and the municipality to an extent not deemed realistic today (cf. Ferreri & Vidal, 2022 and their suggestion for a public-cooperative nexus). In contrast, Bokoop is a new rental cooperative that does not own but rents the buildings that are then sub-let to members. The association that develops the projects is supported by investors that appreciate stable long-term yields based on long-term lease contracts deemed to be low risk. The deposits are then not used as equity in the project calculus but as a deposit in the association that works as a safety in case tenants fail to meet their obligations. This situation both makes projects viable and constrains the setup of associations. Further, not all new rental cooperatives are expected to attract investors, especially not in less attractive locations. New cooperative rental projects might also have more difficulties related to their lower level of recognition. For cooperative rentals to go from being a ‘niche’ (Ferreri & Vidal, 2022) to a real affordable housing alternative, it probably needs both recognition and state support in the form of subsidies for part of the stock and municipal support in the form of planning and land.

The future of intermediary tenures also depends on viable alternatives and related political games (cf. Sened, 1997; Bengtsson, 2015). The proposed state-guaranteed starter loans would, depending on design, influence the need for models targeting first-time buyers, which is a large customer group in the models studied here.

Model design and effects on tenant-buyers
The rights of disposition, and the possibilities and risk distribution they entail (cf. Kalbro et al. 2009) are essential to understanding distributional effects between developers and tenant-buyers (cf. Libecap 1989). Below, the main property rights distributions (cf. Ekbäck 2009) in the project set-ups are analysed to show effects on tenant-buyers.

How accurately the concepts reach households who otherwise have difficulties gaining access is hard to conclude in the early phase; however, the developers seem to continuously evaluate the target groups of their concepts. The shared ownership schemes in this study are
temporary intermediate tenures and aim to support homeownership in the form of tenant-ownership by demanding half the down payment and mortgage initially. Shares in the associations are bought at market price and are hence not more affordable than the rest of the market. Furthermore, just as in home ownership, buyers are exposed to market fluctuations as any gain or loss is shared between the co-owners in the event of a sale. When buyers purchase remaining shares, to become full owners, market value applies. One of the schemes has the initial price as a price floor, where residents may face greater difficulties getting bank financing and using their buy option in a declining market. Monthly cost compared to standard rents depends on conditions in the financial market, and additional cost related to maintenance is the responsibility of the resident.

Cooperative rental is a permanent intermediate tenure (cf. Elsinga 2012). The rents in both studied concepts, which are not subject to the rent-setting regulation, are reported in the interviews to be lower (to different degrees) than for comparable rentals. However, the tenants are obligated to pay a deposit (the amount differs between the cases) to the association, which is repaid when the rental agreement and/or membership is terminated. Furthermore, tenants can be responsible for maintaining the housing unit and carrying related expenses. The value of the collective procurement of common services, such as internet and cars, in the Bokoop project and its effect on the monthly outlays of the household is bound to vary between tenants. The non-profit principle of cooperative rental entails that tenant-buyers are not affected by market price fluctuations. As discussed also in the previous sections, expected target groups and level of affordability need to be further studied.

All four cases have their foundation in an existing tenure based on existing legislation, which should contribute to a safer and more predictable legal setting for tenant-buyers. However, in the shared ownership schemes, the relationship between the buyer and the company (as co-owners) is not specifically regulated in legislation, apart from the general Law on Co-ownership. Instead, this relationship is regulated in a co-ownership agreement, which applies between the co-owners over the transitional period. The agreements are a potential element of uncertainty; ambiguities regarding the agreements' content may arise, particularly since the agreements and schemes are new and somewhat untested. Standardization of agreements could lead to increased understanding and transparency of the content.

From a bundle of rights perspective, cooperative rentals are generally associated with more self-determination than standard rentals (Victorin & Flodin, 2020). The tenant has obligations towards the association under the Cooperative Rental Act and according to the association's statutes, but also the potential to influence decisions. In the shared ownership schemes, the buyer has obligations towards the company (as co-owners) but also towards the association, following the Tenant-Ownership Act and the association's statutes. The buyers are expected to act as full owners towards the association and absorb the potential benefits associated with influence on the association.

The responsibility for maintenance in tenant-ownership is far-reaching, and the buyers in shared ownership are fully responsible. Cooperative rentals are usually associated with higher maintenance expectations than rentals, but lower or similar expectations compared to tenant-ownership; the degree depends on the association's statutes. Buyers in shared ownership schemes need consent from the company and the association to make larger changes in the apartment, while cooperative tenants hold similar rights to rentals (i.e., only rights to make minor changes). Security of tenure is subject to the same rules in rental and cooperative rental, which entails substantial rights. For the shared ownership schemes, the tenant-ownership legislation applies. However, according to the co-ownership agreement, the resident holds the right to remain in the apartment for ten years (i.e., the period during which
the company waives their right to sell), but thereafter the apartment might be sold also against the will of the resident. The company may also demand a sale if the buyer breaches his or her obligations under the agreement.

The right to transfer the tenant-ownership shares or cooperative rental agreement differs somewhat. Buyers in shared ownership can leave the co-ownership and demand a sale at any time; however, the company must approve the terms of the sale, and the resident shall pay at least half of the sales cost. Furthermore, the tenant-ownership legislation applies; thus, the board must approve the buyer as a member. For cooperative rentals, the same rules as for rentals applies regarding transfer and exchange of the rental agreement.

The four cases all rest on various forms of collectivity, also manifested through joint decision processes and shared activities. The two cases of Bokoop and SKB highlight the potential differences in setups: First, resident representatives are members of the association boards responsible for larger decisions. In SKB, residents are encouraged to participate in decisions processes, but still, grassroot influence might be constrained by the size of the organization. Bokoop has a professional board appointed by the property owner with two resident representatives. The differences in knowledge and numbers between professionals and residents are bound to limit resident influence. Second, the type of sharing differs between the two cases. In the Bokoop case, a monthly membership fee finances the collective services. Here, the focus is on lower monthly costs through joint procurement of services most residents regularly use, such as the internet and cars. There are few common areas in order not to drive cost. SKB, on the other hand, has made well-designed common areas part of its brand. Activities among residents and the use of the common areas vary greatly between buildings. However, the association highlights the social advantages of common activities and areas for resident comfort and security. When it comes to collectivity, legal requirements set the frame for activities, but informal behavioural patterns are expected to impact institutional outcomes to a significant degree (cf. Mandic & Hrast, 2019).

Regarding all rights covered above, it is deemed vital that prospective tenant-buyers understand the terms of agreements and the basics of the legislation to fully appreciate their financial and legal risk exposure as well as their rights in the associations. However, one developer reports in the interview that buyers’ financial and legal literacy is deemed quite low and that young buyers especially often need support from their parents. It is in the interest of both buyers and sellers that information is tailored to prospective buyers and developed as concepts are realized and potential hurdles and unwanted situations are detected.

Conclusions

Based on this preliminary study, all four cases are deemed to have a role to play in the Swedish housing market. Buyers benefitting from the models are mainly medium-income households without large enough savings to buy into the regular housing market. For these households, the concepts might be an opportunity to access housing they could otherwise not aspire to. However, legal and financial literacy among buyers is partly limited, which should be addressed as far as possible by developers going forward. Further, legal considerations in relation to agreements in the shared ownership models and untested new variants of cooperative rental might arise as models are used and tested in the coming years.

As the study evolved, it became clear that economic considerations, rather than legal, are at the core of concept development today. The obstacles preventing expansion, mainly access to land and financing, can only be addressed by interested municipalities and financial institutions. An extensive information effort by developers as well as successful projects
are probably needed to move towards recognition and institutionalization of the concepts, as is partly illustrated by the SKB case.

This has merely been a first investigation of the cases as they start to unfold. Future research could study these cases from the perspective of tenant-buyers who have some years of experience of the concepts to better understand how they play out on the ground. Such a study should include an in-depth legal and financial analysis. It would also be interesting to evaluate the outcome in terms of what effect concepts have on the ability to enter the housing market. In a next step, it would be interesting to also include a classic rent-to-buy scheme, as such models have encountered certain difficulties in the Swedish setting, which would be interesting to understand in relation to the cases studied here and similar concepts in other countries. In a parallel research project, cooperative rental projects initialized by the future residents themselves are studied. Comparisons between the two studies, as well as further study of the ‘housing commons’ literature, could give additional insights. Last, a study that more closely outlines and investigates the housing games between political actors, market actors and residents related to the intermediate tenures covered here could further add to the understanding of the chances for more developed acceptance, recognition, and institutionalisation of these initiatives.

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