Housing Cooperatives: Exploring Sustainable, Affordable, and Inclusive Living

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Article History:
Received: 09 Juni 2026
Revised: 20 Juni 2026
Accepted: 27 Juni 2026

Keywords: *Housing Cooperatives, Affordable Housing, Collective Ownership, Democratic Governance, Sustainability, Policy, Social Inclusion, Urban Development*

Abstract: *This study addresses the persistent global housing crisis, marked by rapid urbanization, rising land and construction costs, and increasing income inequality. The research aims to critically analyze housing cooperatives as a sustainable and inclusive solution to these challenges, focusing on their capacity to provide adequate and affordable housing where market-driven models have fallen short.A qualitative approach is adopted, combining an extensive literature review with comparative case studies from Indonesia, India, Jordan, Australia, Saudi Arabia, and Europe. The analysis covers the historical development, legal and policy frameworks, financing models, governance structures, and social and environmental impacts of housing cooperatives. The findings reveal that housing cooperatives significantly enhance affordability, promote social inclusion, and strengthen community resilience, especially when supported by enabling legal frameworks, innovative financing, and strong participatory governance. However, challenges such as regulatory complexity, limited access to long-term funding, and low public awareness persist. To maximize the potential of housing cooperatives, the study recommends strengthening legal recognition, fostering financial innovation, building institutional capacity, and encouraging multi-stakeholder collaboration. These measures are essential for advancing equitable and sustainable urban development.*

INTRODUCTION

The notion that adequate housing is a fundamental human right and a cornerstone of social well-being is widely accepted. Still, the world grapples with a significant housing crisis, which is amplified by quick urbanization, increasing costs for land and construction, and persistent income inequality. UN-Habitat suggests that over 1.6 billion people globally don't have proper housing, and around 1 billion live in slums and informal settlements (UN Habitat, 2022). Market-based housing frequently fails to meet the needs of households with low to middle incomes, leading to social exclusion, insecurity, and harm to the environment (Gotyi & Majee, 2025) . These shortcomings are especially apparent in rapidly growing urban areas, where the difference between housing supply and demand keeps increasing(Ajayi, 2022).

Cooperative housing has arisen as a practical and novel alternative in response to these issues. Based on the values of shared ownership, democratic control, and mutual assistance, housing cooperatives place a higher value on member welfare, affordability, and social harmony than on profit (Fagang et al., 2025) . Cooperative housing models have shown resilience and adaptability around the world, from limited-equity co-ops in the US and rental cooperatives in Europe to community-driven projects in Asia and Africa (Rolando, 2022) . Empirical research shows that housing cooperatives enhance access to affordable housing, promote social inclusion, and empower communities (Gotyi & Majee, 2025).

Furthermore, research on housing cooperatives and cohousing has grown over the last ten years, showing increasing academic and policy interest in how they can address different housing demands, especially given shifting demographics and sustainability requirements (Liu Fagang et al., 2025; Rafael Sosa-Ramírez et al., 2023) . Housing cooperatives are increasingly acknowledged for their contributions to sustainable development, like eco-friendly methods, energy efficiency, and shared resource management(Brzeska & Jędrzejewski, 2021).

However, there are considerable obstacles to expanding housing cooperatives, like complex regulations, limited access to long-term financing, and not enough public knowledge or policy support (Ajayi, 2022; Rolando, 2022) . Studies suggest that encouraging legal environments, creative financial solutions, and strong governance are crucial to the success of cooperative housing initiatives across different countries(Gotyi & Majee, 2025).

This article aims to offer a vital analysis of housing cooperatives as a sustainable and inclusive answer to the global housing crisis. It will consolidate learnings from various international scenarios, specifically focusing on governance frameworks, legal frameworks, social and environmental impacts, financing mechanisms, and current challenges. The goal here is to give insights to policymakers, stakeholders, and communities that are seeking to promote cooperative housing as a part of the broader strategies for inclusive and affordable urban development.

METHOD

This research uses a qualitative research strategy, which combines case study analysis and a comprehensive literature review. The research will include:

1. Review of Literature: Studying policy reports, scholarly papers, legal documents, and evaluations of different housing cooperative projects in many countries.
2. Study of different Cases: Looking at housing cooperative projects in Indonesia, India, Jordan, Australia, Saudi Arabia, and Europe.
3. Comparative Examination: A cross-country review comparing financing models, governance structures, legal frameworks, and results. This section explores the factors that help, the problems faced, and the top methods used when building housing co-ops.

RESULT AND DISCUSSION

How Housing Co-ops Started

It all began in 19th-century Europe, with the Rochdale Pioneers in England leading the way. They set the standard for how co-ops should be run: everyone gets a say, members are involved, and they help each other out (Birchall, 2013). These ideas quickly spread, especially as a response to the downsides of factories, people moving to cities, and not enough good housing for workers(Czischke et al., 2020; Lang & Novy, 2014). Over time, housing co-ops changed to fit different places and cultures, becoming things like limited-equity co-ops in the U.S., Mietshäuser Syndikat in Germany, and community-led housing in Asia and Latin America (Liu Fagang et al., 2025; Vestbro & Horelli, 2021).

History shows that housing co-ops often pop up when there's a housing shortage, economic problems, or big social changes. They're a way for people to solve housing issues together when the market or the government isn't doing enough (Rolando, 2022; Sazama, 2000). After World War II, many European countries made co-op housing a part of their welfare programs. Meanwhile, in developing countries, co-ops have been used to give power to people who don't have much and to help them find affordable housing (Gotyi & Majee, 2025).

Laws and Rules

Having the right laws and policies is key for housing co-ops to grow and last (Brzeska & Jędrzejewski, 2021; Czischke et al., 2020) . Countries like India, Austria, and Switzerland have laws that make it easier to start co-ops, secure land, and get funding (Ajayi, 2022; Lang & Novy, 2014) . In India, for instance, the Maharashtra Cooperative Societies Act and the 97th Constitutional Amendment have greatly improved how co-ops are managed and the rights of their members, allowing them to do well in cities (Ajayi, 2022).

In Europe, cities like Vienna and Zurich have helped co-op housing by providing land and long-term leases, with public policy actively backing these projects (Brzeska & Jędrzejewski, 2021; Rolando, 2022). On the other hand, countries with unclear or strict laws, like Saudi Arabia and Indonesia, struggle to expand co-op housing because of these rules, uncertain land ownership, and limited access to government money (Fagang et al., 2025; Gotyi & Majee, 2025).

How They're Funded

Money is always a big issue for housing co-ops. How they get funded can vary, but it usually involves:

1. Member Equity: Members put in money through shares or savings, which means they don't have to borrow as much and they feel more like owners(Sazama, 2000).
2. Government Support: Subsidies, grants, and low-interest loans from the government are important in many countries, particularly in Europe and Asia (Lang & Novy, 2014).
3. Blended Finance: Working with private investors, charities, and other organizations can bring in more money and make projects more likely to succeed (Birchall, 2013).
4. Community Savings: Savings programs, like Thailand's Baan Mankong and Indonesia's community-based housing, have been good at using local money and building financial stability (Fagang et al., 2025).

New ideas, such as solidarity funds and revolving loan programs, can further improve financial sustainability. enables cooperatives to better handle various economic pressures (Brzeska & Jędrzejewski, 2021; Gotyi & Majee, 2025).

Governance and Participation

Democratic governance really defines housing cooperatives; members elect management, participate actively in decision-making, and share the load for maintenance (Birchall, 2013; Fagang et al., 2025). Effective governance generally encourages transparency, accountability, and a feeling of community—all quite essential for long-term success (Rolando, 2022).

However, ensuring active participation can be tough. Cooperatives sometimes struggle with internal conflicts and also need to build up leadership. Research suggests that ongoing education, transparent communication, and capacity building are critical for engagement (Brzeska & Jędrzejewski, 2021; Rafael Sosa-Ramírez et al., 2023).

Social and Environmental Benefits

Housing cooperatives provide environmental and social pluses beyond just affordability, as they:

1. Foster Social Inclusion: Empowering marginalized groups and really strengthening community bonds (Gotyi & Majee, 2025).
2. Offer Security of Tenure: Collective ownership and leases reduce displacement risk and foster residential stability (Rolando, 2022).
3. Promote Sustainability: Many adopt green practices, plus energy efficiency, which contributes to environmental goals (Brzeska & Jędrzejewski, 2021; Fagang et al., 2025).
4. Empirical studies have indicated higher satisfaction, and more sustainable urban communities result from cooperative housing (Fagang et al., 2025; Rafael Sosa-Ramírez et al., 2023).

Challenges

Despite the good points, cooperatives face some challenges, for example:

1. Regulatory Barriers: Legal frameworks can definitely make it hard to establish co-ops (Ajayi, 2022; Gotyi & Majee, 2025).
2. Financing Constraints: Access to affordable funding remains an obstacle if public support is minimal(Birchall, 2013).
3. Governance Issues: Internal conflicts and leadership turnover undermine effectiveness (Rolando, 2022).
4. Public Awareness: A limited understanding can restrict innovation (Rafael Sosa-Ramírez et al., 2023).

Addressing these issues needs policy support, innovation, and education and advocacy.

Cooperative Housing in Indonesia: Progress, Challenges, and Strategic Directions

Indonesia is wrestling with a housing backlog, with many households, particularly lower-income people, lacking decent, affordable places to live. While government programs have prioritized public housing, and mortgages, they often miss the most vulnerable people due to ineligibility, inflexible finances, and a lack of support for informal workers. Because of this, community-led housing cooperatives have become popular, as sustainable pathways to homeownership.

Key Features of Indonesian Cooperative Housing:

1. Legal Structure: Housing cooperatives in Indonesia are registered under national cooperative law.
2. Financing: It's a mix of savings, grants, donor contributions, and revolving funds. This diversified. This approach aims to bolster a community's financial stability and lessen reliance on traditional bank lending, something often out of reach for those with lower incomes.
3. Governance: At the heart of Indonesian housing cooperatives lies democratic and participatory governance. Decision-making is transparent, and priority is given to capacity-building efforts designed to empower members and ensure effective management.
4. Challenges: Despite these strengths, cooperatives still run into obstacles, such as unclear land tenure, regulatory frameworks that are fragmented, and restricted access to public funds. These issues limit how far cooperative housing models can expand and how sustainable they can be.

Illustrative examples like Koperasi Kampung Akuarium and Koperasi Sesarengan Mangayu Bagyo (SMB) Kalijawi showcase the potential for collective land purchase, participatory planning, and inclusive governance to foster real change in urban housing.

International Comparative Perspectives

1. India

With over 190,000 societies, India has one of the world's largest cooperative housing sectors. Solid legal structures, like the Maharashtra Cooperative Societies Act and the Real Estate Regulation and Development Act (RERA), create a strong base for cooperative governance, consumer protection, and redevelopment. In India, Cooperative Housing Societies (CHS) have proven their worth in providing collective ownership, affordability, and community resilience, especially in urban and peri-urban areas.

2. Jordan

The Al-Ridwan Housing Cooperative in Amman highlights how cooperatives can meet housing needs, build social bonds, and empower communities. Legal measures back collective ownership, democratic governance, and Sharia-compliant financing. Still, challenges like bureaucratic obstacles, internal disagreements, and costly land remain, showing how crucial transparent governance and participatory decision-making are.

3. Australia

While relatively small, Australia's cooperative housing sector is expanding. Common equity rental cooperatives and limited-equity co-ops are supported by bodies such as the Business Council of Co-operatives and Mutuals (BCCM) and the Australian Cooperative Housing Alliance (ACHA). These groups push for policy support, specific funding, and new financing ideas, while taking lessons from successful European models in places like Denmark, Austria, and Switzerland.

4. Saudi Arabia

The cooperative housing sector in Saudi Arabia is still in its early stages, hindered by limited legal recognition, funding, and public understanding. Reforms planned under Vision 2030 aim to empower cooperatives, allocate land, and create lasting models, yet significant hurdles persist, including bureaucratic inertia and misunderstandings about the role of cooperatives in development.

5. Europe

European cities like Vienna, Zurich, and Copenhagen have developed large-scale cooperative housing sectors, supported by public land allocation, collaborative funding, and strong tenant rights. These models show that cooperatives can provide affordable, high-quality, and sustainable housing for a variety of people when supported by enabling policies and sturdy governance.

Comparative Analysis: Enablers and Barriers

1. Enabling Factors
   a. Supportive legal structures and policy settings.
   b. Access to affordable land and long-term leases.
   c. Blended financing models and government help.
   d. Solid governance, active member involvement, and capacity building.
   e. Integration with wider urban development and social policies.
2. Barriers
   a. Regulatory complexity and a lack of legal recognition.
   b. Limited access to funds and long-term financing.

c. Weak governance structures and leadership shortcomings.
d. Low public understanding and inaccurate views of the cooperative model.

Policy Recommendations

1. Legal Recognition: Pass and enforce laws that acknowledge and help housing cooperatives, including clear rules for collective land ownership, dispute resolution, and more. And concerning member rights.
2. Innovative financing is key: It involves the development of financial products designed specifically for cooperatives. These could include targeted subsidies and blended finance mechanisms, thereby leveraging resources from public, private, and philanthropic sources.
3. Capacity building requires investment in training initiatives, along with technical assistance, and the cultivation of leadership skills for both cooperative members and managers. This ensures governance and enhances sustainability.
4. Prioritizing the allocation of public land and ensuring long-term leases for cooperative housing endeavors are important. Land access can effectively reduce barriers to entry and promote tenure security.
5. Multi-stakeholder collaboration is also vital, requiring the nurturing of partnerships among government bodies, non-governmental organizations, financial institutions, and various community groups. Such collaboration strengthens cooperative housing ecosystems.
6. Public awareness campaigns, alongside applied research and tangible demonstration projects, are needed to promote cooperative housing. These efforts build understanding and garner support from policymakers and the wider public.

CONCLUSION

Housing cooperatives have shown themselves to be a pretty solid and enduring approach when it comes to tackling the ongoing global housing crises. They tend to emphasize social inclusion, democratic governance, and collective ownership, which addresses some of the underlying reasons for housing exclusion and insecurity - unlike market-driven models that can sometimes sideline low- to middle-income folks. The Indonesian experience, mirrored in places from India to Jordan and even Australia, Saudi Arabia, and parts of Europe, makes this point clearer. Specifically, cooperatives, when backed by clear legal frameworks, innovative financing, and good participatory governance, reliably provide decent, affordable housing. And all this while strengthening community resilience and supporting environmental sustainability.

Key findings suggest the following:

1. Cooperatives are more likely to encourage community empowerment, social cohesion, and equitable housing access, especially for lower-income and marginalized groups.
2. Democratic structures mostly ensure transparency and accountability, and active member engagement boosts their long-term viability.
3. Lots of cooperatives adopt environmentally sound practices, and efficient resource management that supports broader sustainability goals.
4. Supportive legal recognition, innovative and blended financing, access to affordable land, and multi-stakeholder collaboration; these are typically all critical for success.
5. Regulatory hurdles, financing limitations, and a lack of public awareness can still be quite significant challenges, particularly in developing countries.

To really unlock the potential of cooperative housing, policymakers and practitioners need to:

1. Generally prioritize the development and enforcement of enabling legal frameworks.

2. Cultivate financial innovation, maybe dedicated products, subsidies, or blended finance mechanisms, to give cooperative initiatives a boost.
3. Invest in capacity-building programs and technical assistance, plus leadership development for cooperative members and their managers.
4. Incorporate cooperative housing into broader social and urban development agendas.
5. Boost public awareness and relevant research, including longitudinal impact assessments, and also refine adaptation of cooperative models to particular local settings.

Future research should really evaluate the long-term impacts, refine context-specific models, and make sure cooperative housing is embedded in fully inclusive and quite sustainable urban policies. By acting on these principles, housing cooperatives may very well continue evolving as central aspects in terms of equitable, resilient, and sustainable urban development across the globe.

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