Legal framework for co-operative housing in Norway

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Co-operative Housing movement

The Co-operative Housing Federation of Norway (NBBL)

Parent

Co-operative Housing Association
47 associations with 905,000 individual members

Subsidiary

Housing Co-operative
5400 affiliated co-operatives with 265,000 dwellings
The Housing Co-operative Laws

• The co-operative Housing Associations Act
  – Mandate
  – Organisational rules
  – Members right
  – One member - one vote,
  – Participation in GA/Board of Directors
  – Open for new members at any time

The Housing Co-operative Laws (2)

• The Housing Co-operatives Act
  – Organisational rules
  – One-member – one vote
  – Participation in GA and Board of Directors
  – Maintenance of the dwellings
  – The right of pre-emption
  – Non payment of monthly fees
  – Shareholders rights concerning selling and letting out
Co-operative Housing Associations
– main activities (1)

– Provide the shareholders with housing
  – By building new housing co-operatives or condominiums for the shareholders

Co-operative Housing Associations
– main activities (2)

– Business management for housing co-operatives and condominiums
Co-operative Housing Associations – main activities (3)

- Technical assistance to housing cooperatives and condominiums undergoing rehabilitation of the existing housing stock
- Estate agency business

Provide the shareholders with housing

- Members of the Co-operative Housing Association
  1. Membership is mandatory to be a shareholder in a Housing Co-op
  2. The principle of seniority
Ownership in the housing co-operatives

- The owners are shareholders
- Exclusive right to use one dwelling

Financing the Housing Co-ops

- The co-op takes up a loan in the bank
- The shareholders formally gives a loan to the co-op; i.e. equity/down payment/the cash pay
Business management agreements

- The 47 associations have business management agreements with
  - 5,400 affiliated housing co-operatives
  - 1,400 non affiliated housing co-operatives
  - 2,600 condominiums and
  - 500 other housing companies, mostly renting companies

- The business management agreements consist of a large number of different tasks for the day-to-day life in the co-operative

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Business management agreements

- Usually terminable after 6 months

- Special rules for new affiliated Housing Co-operatives:
  - The agreement can be non terminable for a maximum of ten years and
  - 2/3 majority at annual general meeting necessary
Maintenance

- The dwelling
  - The owner is responsible
  - The owner shall keep the dwelling in good condition

- Common parts of the building/outdoor area
  - The housing co-operative is responsible
  - The building and the property otherwise shall be kept in good condition so far the obligation for this does not lie with the owners

Covering expenses

- All owners must pay their share of the common expenses

- Common expenses are divided by a special distribution formula
  - The distribution formula will usually be based on the size of the dwellings divided by the size of all the dwellings
  - Some expenses are divided per dwelling
Non-payment of common expenses

- The owner may be ordered to sell
  - At least one reminder
  - Formal warning required
  - Enforced sale may be ordered by the district court in accordance with the Enforcement Act