



USEFUL INFORMATION FOR
HSB TENANT-OWNERS



HSB – home of opportunities

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WHAT IT MEANS TO BE AN HSB TENANT-OWNER

Having tenant-owners rights means all the members of a tenant-owners' association own and manage the building and land belonging to the tenant-owners' association. All members can have an effect on finances and property management, both through the governing board and through their own actions. A tenant-owners' association has no profit-making purpose, but rather works in the economic interests of its members.

In Sweden, about 18 percent of housing is part of a tenant-owners' association. There are a little more than 325,000 HSB owner-occupied flats.

Those of us living in an owner-occupied flat have the freedom to design the interiors of our own homes. Together, we decide when our building needs renovating, as well as when we need to undertake larger environmental initiatives. The starting point is that those with rights of tenant ownership are allowed to make alterations to their flats. If those with rights of tenant ownership intend to interfere with any load-bearing structures, make changes to certain cables or carry out any other significant alterations, they normally require the board's permission to do so.

Those with rights of tenant ownership are responsible for the internal upkeep of their homes. This means that those with rights of tenant ownership decide when their homes need wallpapering or painting themselves.

When we join a tenant-owners' association, we not only gain rights, but we also take on obligations. This is regulated in the Tenant-Ownership Act and the association's own bylaws. With regard to many issues, the Tenant-Ownership Act refers people to the law on incorporated associations (associational law).

WHEN WE WORK TOGETHER THE ASSOCIATIONS BECOME STRONG

A tenant-owners' association is an incorporated association. The fundamental purpose of all tenant-owners' associations is to lease apartments with right of tenant ownership, thereby promoting the economic interests of their members.

HSB is a member-owned, cooperative organisation in which people voluntarily work together for their common economic, social and cultural needs and wishes. HSB gets its strength from combining local autonomy with a three-way democratic partnership: The three stakeholders

include the tenant-owners' association, the HSB Association and the HSB National Federation. There are about 4,000 housing associations in the whole HSB organisation.

One of the fundamental ideas behind HSB is to offer members more than just a home. Together, the associations can develop social services and recreational activities in residential areas. There are great opportunities to create good housing by cooperating with one another.

THE BYLAWS ARE THE RULES OF THE TENANT-OWNERS' ASSOCIATION

A tenant-owners' association must be managed very carefully.

Many issues of great importance to the tenant-owners' association are regulated by the Tenant-Ownership Act and the law on incorporated associations. All tenant-owners' associations are legally required to have bylaws. The bylaws can in other words be referred to as the association's game rules. HSB has produced normal bylaws that many HSB tenant-owners' associations are using.

The bylaws regulate matters including the management of owner-occupied flats, the condition of the building, how members can exercise their influence, the power of the board, tenant-owners' association general meetings and so on. When you become a member of a tenant-owners' association, you accept the association's bylaws and agree to abide by them. Later on, you can of course work to have the bylaws amended, as long as your efforts do not go against the law.

Many of the things members consider important with regard to the association (such as how the cleaning is organised, the way the communal laundry room is equipped, which trees and shrubs are planted around the buildings) are not regulated by the law or any bylaws. The members decide on such issues through the elected board. The needs of tenant-owners' associations vary, and can change from time to time.

HOW AN HSB TENANT-OWNERS' ASSOCIATION IS ESTABLISHED

Most people who live as part of an HSB tenant-owners' association have effectively joined a fullyformed association. A tenant-owners' association is formally established as soon as the local HSB-association acquires some land and begins planning the development of the area. The first to join the tenant-owners' association are the HSB association, as well as members and deputy members of the association's board.

When the tenant-owners' association grants rights of tenant ownership later on, each home is priced. In other words, a deposit for it is defined. The deposit is the association's own capital, which is used to pay the portion of the production costs that are not covered by loans.

“ The rules of a housing association are in the bylaws. ”

Each flat is granted a share in the association, and this share provides a basis for calculating the monthly service fee. The fee can also be calculated based on the deposit, which is converted into a distribution figure. The monthly service fee covers the flat-owners' share of the tenant-owners' association's costs, and agreed reserves. Heating, water, electricity and cleaning costs can be charged according to consumption rates if it is technically possible to calculate these.

In other cases, the costs are divided up among the members on the same basis as the monthly fee. The monthly fee, which is formally called the annual fee, is set by the tenant-owners' association's board.

YOU ARE FREE TO SELL YOUR OWNER-OCCUPIED FLAT

Anyone with the right of tenant ownership is free to sell – or to use the proper term, to reassign it – and to agree on a purchase price with the buyer. A written contract must be drawn up and signed by the buyer and seller, clearly stating which flat is being reassigned as well as the purchase price. For the buyer to gain the right of tenant ownership, the board is required to grant them membership of the tenant-owners' association. If the purchase is not granted, it becomes null and void, and the buyer may not take possession of the dwelling or move in.

In most cases, the local HSB association takes care of the administration related to the transfer on behalf of the tenant-owners' association. The tenant-owners' association may charge a transfer fee to cover the administration costs associated with the transfer.

OBLIGATIONS OF THOSE TENANT OWNERS

The bylaws mention various situations in which the owner-occupied flat is considered forfeited, and the tenant-owners' association may give the party holding this right notice of its termination. This is known as forfeiture of the right of utilisation, and applies in the following situations:

- If a party with the right of tenant ownership does not pay a deposit within two weeks of receiving due notice from the tenant-owners' association.
- If a party with the right of tenant ownership delays payment of the monthly service charge more than a week after the due date. The party with the right of tenant ownership may recover their right of tenant ownership by making their payment within three weeks of receiving notice of termination of their right. A party with the right of tenant ownership who repeatedly regains right of utilisation, or is repeatedly late in paying their monthly service charge, risks losing their right of tenant ownership.
- If a party with the right of tenant ownership sublets the flat without permission.
- If the property is used in a way other than that for which it was intended. As a rule, the use of an owner-occupied flat as an office or as a business premises is forbidden.

- If the tenant-owner due to negligence has attracted vermin into the home.
- If the owner-occupied flat is neglected.
- If the party with the right of tenant ownership disturbs their neighbours or behaves in any other unacceptable manner.
- If the party with the right of tenant ownership does not allow the tenant-owners' association access to their owner-occupied flat when the association is entitled to it. The tenant-owners' association may, for example, need to carry out some work in it.
- If the flat is used to carry out criminal activities, pimping or prostitution.

PERMISSION IS REQUIRED TO SUBLET

The board decides on acceptable reasons for gaining such permission according to the tenant-owners' association's bylaws and any applicable legislation. Subletting is normally allowed when the party wishing to sublet their flat has worthy grounds for doing so. Such is the case when the party with the right of tenant ownership enters a prolonged period of hospitalisation, is working or studying in another place, or wishes to try out living with their partner. For permission to be granted, the tenant-owners' association should have no reasonable cause to say no to the proposed tenant. The tenant-owners' association should limit its authorisation to sublet. Permission is normally granted for six months or a year. This period may then be extended.

Anyone with the right of tenant ownership who is dissatisfied with the board's decision may apply to the local rent tribunal to have the decision re-examined.

The tenant-owners' association rules for subletting may be discussed at a tenant-owners' association general meeting. When a member is only going to rent out a room, and continue living in the rest of the flat, the board's permission is not required. What determines whether subletting can take place is if the tenant to whom the flat is being sublet is using the flat – or part of it – independently of anyone else.

LEAVING AN OWNER-OCCUPIED FLAT

In some places those with rights of tenant ownership can have difficulty finding buyers for their owner-occupied flats when they wish to leave their tenant-owners' associations.

In such cases, they can renounce their rights of tenant ownership. This is done in the form of a written letter to the board, and is possible at the earliest two years after a property was first let as an owner-occupied flat for the first time. Notice of termination must be provided three months in advance.

When an owner-occupied flat is left in this way, the right of tenant ownership is transferred to the tenant-owners' association when the notice period is over. The right of tenant ownership relinquishes any form of compensation for their owner-occupied flat.