

IS CO-OPERATIVE HOUSING A CREATIVE SOLUTION FOR AUSTRALIA'S HOUSING AFFORDABILITY CRISIS?

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Introduction

With housing affordability in Australia expected to worsen over the next decade, it is becoming essential to find viable alternatives to the current market-driven housing system. Many people are priced out of any secure housing, for renters and mortgage holders alike. The problem is across the board from homeless people to young people and people who are working. A staggering 50.1 per cent of low-income renter households experience housing stress (Thomas and Hall 2016). Housing researchers, housing professionals, communities and Governments are exploring a number of solutions to the current crisis. But although government policies address housing affordability, they typically focus on finding solution for home purchasers and not for renters.

Australia has a fixation on home ownership. But over time, the Great Australian Dream, owning a home on a quarter acre block, has meant different things to different people. Out-dated housing policies are preventing progress in the housing market. Made for the nuclear family, the basic social unit from 40 years ago, they simply don't reflect the modern household structures. And although Australia is not alone in its housing affordability crisis, countries such as Germany, Switzerland and Sweden with far lower rates of home ownership, seem to provide some answers. Their Governments and other stakeholders have tackled housing problems with various strategies including easy finance options for non-mainstream housing like co-operate and community housing. Likewise, their housing policies support a strong tenant ownership system (Co-operative Housing International 2017).

Alternative housing models only represent 0.06 per cent of the housing market in Australia. Commonly seen as social or welfare housing, community housing has had a difficult time gaining momentum. But overseas examples show that housing models such as co-operative and co-housing can provide cost effective and practical solutions. In Europe, the co-operative housing model has a long history of responding to market failure and has been a successful contender in increasing supply and diversity of affordable housing (Co-operative Housing International 2017).

The housing situation in Australia

Housing equality in Australia is deteriorating. The dream of a quarter acre block in the suburbs for the nuclear family has changed. And alongside, the households living in these homes have also changed. Today, Australia has a diverse range of housing structures. Single parent

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households make up 16 per cent of all households, while single-person households make up 24 per cent and families with children account for 38 per cent (Australian Bureau of Statistics 2017). Such household structures are becoming more common in a more diverse Australian society. Although Australia is still a nation of homeowners, the 2017 census is showing an increase of 31 per cent of households now renting. This figure is on the rise and the predictions are that this number will climb and that more renters will rent for their entire housing career (Dallas and Dufty-Jones 2015).

Since the 1980s, housing equity concerning affordability, access and wealth distribution has deteriorated significantly (Yates 2012). This is partly due to the rising costs in housing for post baby boomer generations but as Yates (2012,3) elaborates, some of these change can be attributed to a life-style preference for renting because of the flexibility it provides in a world where changing jobs is the norm rather than the exception. Furthermore, technology is altering how we will work in the future. The very definition of an office is changing with more people finding more efficient ways of working. The daily commute to the office will soon be a thing of the past. The workplaces of tomorrow will be collaborative, flexible and mobile places, where the majority of people work remotely on a freelance basis (The Guardian 2017). And the way we live and work in the future will have a direct impact on housing options.

Yet, housing choices in Australia seem out-dated. Government policies are still directed to promote conventional home ownership. In Australia, this means ownership of a strata title or freehold title. A freehold title simply means the purchaser owns the land and building where as a strata title refers to multiple owners of properties on one piece of land where all owners enjoy private spaces but are responsible for the areas that are shared known as 'common areas.' These models can be inflexible and do not reflect the changing households, nor do they address the 'affordability' crisis, which extends to housing stress. Detached houses still account for most homes in Australia (72 per cent) but other forms of dwelling, such as units, apartments and town housing are on the rise and now account for 25 per cent of Australian housing – all higher density residential development (Australian Bureau of Statistics 2017). But with housing affordability at an all-time low for home ownership and rents, Australian cities offer little else in regards to housing choices. Opportunities elsewhere suggest that buying a house or renting an apartment isn't the only housing arrangement available in the marketplace. Communal living options such as co-operative housing and co-housing are common forms of real estate in many parts of the developed world. Their main advantages are affordability, social and communal benefits.

As single parent households, single households and multi- generational households are becoming increasingly represented in a more diverse Australian society, Australia needs housing models that can accommodate this change. Affordability, life-style choices and changing households are driving these alternative forms of housing that have been popular overseas but have failed to make any significant impact in the Australian housing market. This is largely due to current policies on finance and housing, dating back 40 years and made for a different society. And it is these slow changing policies that make it difficult for these emerging trends to grow.

Alternative housing models

The success of housing co-operatives is evident in many parts of the developed world. Countries like Germany, Switzerland and Sweden and many more have shared a long history of embracing different forms of housing models and co-operatives and co-housing have become well integrated in the housing market. In those countries, housing cooperatives and co-housing provide an alternative to the traditional methods of acquiring a primary residence. Democratically run, a housing co-operative is managed by its residents, who take on the responsibility for its operation. The co-operative owns the building and residents purchase shares. Residents become a shareholder in a corporation that owns the property. As a shareholder, members are entitled to the exclusive use of a housing unit in the property. Co-operative ownership offers a lot of flexibility. Tenants will still have their private spaces, but the model is based on sharing facilities. For example, this might include workshops, common rooms, laundries and cars. This allows for consuming less space individually and using fewer resources.

An alternative to co-operative is co-housing. Although the two terms are largely used interchangeably when referring to alternative housing models, the concept of co-housing differs from co-op housing in several key areas. The legal structure in co-housing falls within the mainstream concept of the familiar strata title scheme. However, co-housing differs from duplex or multi-unit housing in that more of the space is shared, enabling more efficient use of land. It is similar in principle to a granny flat development but less restrictive, allowing for more varied and flexible household groupings (MCGee and Benn 2015). Often, a co-housing community is a non-profit housing community where a group of people, independently or in partnership with developers or building owner, organise to create a collaborative neighbourhood; an alternative way of living based on mutual respect for each other and the environment. "Private homes contain all the features of conventional homes, but residents also have access to communal facilities such as an open space, courtyards, a playground and a common house where optional shared meals are prepared and eaten with neighbours and other social events occur" (Holtzman 2012, 35).

The first modern housing co-operative was built in Rennes, France in 1720. Significant housing co-operatives first emerged around 1850 in Denmark, France, Germany, Norway and Sweden in response to the massive movements of populations from rural to urban. The idea quickly spread and in 2017, co-operative housing and co-housing have a significant presence throughout the northern European countries and the world. In Australia, co-op housing can still be linked to radicalism associated with the squatter movement of the 1970s and has failed to make any significant impact on the housing market. Despite there being over one billion members of co-operatives worldwide, this housing model has been rather sporadic in Australia ((Co-operatives Federation of New South Wales 2013). Viewed largely as a fringe or alternative-lifestyle housing model and often stigmatised as social housing, community housing is nonetheless growing in popularity, especially in the face of increasing community concern for affordability and environmental sustainability (Holtzman 2012). There is a growing trend to support flexibility and innovation in the housing market, particularly in urban Australia (Holtzman 2012).

Though each model of co-op housing is unique, they all share one fundamental element: collective ownership. Collective ownership means affordability, security, a decent place to live, and transparency in management, a strong commitment towards social goals and the possibility

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of personal growth by gaining new skills and knowledge. Similarly, co-housing comes in many forms but their main focus is people centred. The physical designs encourage both social contact and private space. Both models share an interest in creating community.

Cooperative housing main characteristics	Co-housing main characteristics
Advantages	Advantages
<ul style="list-style-type: none"> <i>The housing co-operatives own the properties and members own a share but have no equity in their units</i> 	<ul style="list-style-type: none"> <i>Greater cooperation between the neighbours</i>
<ul style="list-style-type: none"> <i>They are non-profit: rents are based on operating costs, no dividend or interest is paid and proceeds from liquidation go to similar organisation</i> 	<ul style="list-style-type: none"> <i>Opportunities for the residents to interact and therefore create community.</i>
<ul style="list-style-type: none"> <i>The board of directors holds the administrative and executive power in the co-operative.</i> 	<ul style="list-style-type: none"> <i>residents manage the physical aspects of the neighbourhood as well as the social aspects</i>
<ul style="list-style-type: none"> <i>Security of tenure, affordable rents and involvement opportunity</i> 	<ul style="list-style-type: none"> <i>Economical advantages of sharing resources with other community members</i>
<ul style="list-style-type: none"> <i>The shares are reimbursed to the members upon leaving at the original amount</i> 	<ul style="list-style-type: none"> <i>Mix of residents</i>
<ul style="list-style-type: none"> <i>Rents in housing co-operatives are considerably lower than in private rental; an average of 20 per cent lower up to 50 per cent in larger towns</i> 	<ul style="list-style-type: none"> <i>Concept it is similar to a body corporate in a strata development but</i>
<ul style="list-style-type: none"> <i>Most co-operatives offer complementary services – childcare, health services, social services, common activities</i> 	<ul style="list-style-type: none"> <i>Security</i>
Disadvantages	Disadvantages
<ul style="list-style-type: none"> <i>Member do not own real estate</i> 	<ul style="list-style-type: none"> <i>Re-sale value- can be difficult as it attracts a smaller percentage of buyers</i>
<ul style="list-style-type: none"> <i>Share holders pays monthly/ quarterly maintenance fees</i> 	<ul style="list-style-type: none"> <i>Finding tenants can be ore challenging as the committee needs to approve</i>
<ul style="list-style-type: none"> <i>Share holders have to undergo a rigorous approval process</i> 	<ul style="list-style-type: none"> <i>Finding a mortgage lender might be more difficult</i>
<ul style="list-style-type: none"> <i>Contribution or share price can be high</i> 	<ul style="list-style-type: none"> <i>Relying on strength of community to</i>
<ul style="list-style-type: none"> <i>Restrictions imposed by corporation</i> 	<ul style="list-style-type: none"> <i>Restrictions imposed by community</i>
<ul style="list-style-type: none"> <i>Tenants need to embrace co-op lifestyle</i> 	<ul style="list-style-type: none"> <i>Owners need to embrace co-housing living</i>

(Cooperative Housing International 2017)

Both types of housing models are innovative and have demonstrated, through design and resource sharing, the capacity to develop a neighbourhood characterised by strong social cohesion and a reduced environmental footprint (ECOS 2012). Although the positives some co-op and co-housing communities in Australia exist, neither model has made any significant impact on mainstream housing.

The situation in Europe

Alternative housing does not have as strong a foothold in the Australian housing market as in the rest of the western world. Switzerland for example has a total housing stock of 172,000 for co-op dwellings. This is 57 per cent of the non-profit rental stock and 4,3 per cent of the total housing stock in Switzerland (2011 –Federal Statistical Office). Switzerland has one dominant type of housing co-operatives, called ‘membership’ housing co-operatives. This type is similar to the co-operative housing model described earlier. All tenants are members of the co-operative, which grants them a preferred position. The majority of co-operatives are located in Zurich where housing co-operatives make up 20 per cent of the market. Typically co-operative housing can range in size from a few units to upwards of 5000 units. Switzerland has a long history with co-op housing and the initiative has received federal, cantonal and city-based support through financial assistance and land agreements for around 100 years (Cooperative Housing International 2017).

Kalkbreite in Zurich is a radical form of collective living for around 250 people, offering a range of apartments from one person to families or groups sharing apartments of up to 12 people. The complex was built on top of an existing tram station and includes features such as raised gardens, courtyards, a cinema and cafes. (Jones and Shelly 2016). Opened in 2014, the project is one of the most recent examples of co-operative housing. The development features a real mix of commercial and residential tenants in a vibrant Zurich neighbourhood. Often referred to as an urban laboratory due to its architecture, Kalkbreite is seen as an innovative urban development in a busy inner city location, blending 24 businesses with residences without losing the feeling of community (Jones and Shelly 2016).



Kalkbreite co-op in Zurich

Retrieved from <http://www.metropolismag.com/cities/housing/kalkbreite-co-op-zurich-cooperative-renaissance/>

Similarly to the rest of the western world, Germany has a major issue with housing affordability. In Berlin, Germany’s capital city, about 1,000 buildings and co-housing groups

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have been developed over the last 40 years ("Co-Housing In Europe #3 : The Case Of Berlin" 2017). The community-led housing and baugruppe model is in high demand in Berlin. The term 'baugruppe' translates as 'building groups'. In an interview, La Fond ("Co-Housing In Europe #3 : The Case Of Berlin" 2017) explains that the availability and affordability of land combined with a surplus of apartments have created a lot of possibilities for experimenting with new forms of housing. As a city that had to be rebuilt after the war, Berlin is home to self-organized communities who turned vacant lands and buildings into squats, housing cooperatives and communities of students living together. Therefore, the city became a fantastic field of play for alternative projects, which cemented the local co-housing culture ("Co-Housing In Europe #3 : The Case Of Berlin" 2017).

In Berlin about 200,000 apartments are part of housing co-operatives, which represent about 10 per cent of the total housing stock. In the whole of Germany, co-op housing represents five per cent of the total housing stock and 10 per cent of the total rental housing stock (Cooperative Housing International 2017). Many of them have been around for decades, but there is a new generation of co-operatives emerging that emphasize the idea of a community, participation and affordability (Co-Housing In Europe #3: The Case Of Berlin 2017). Over the last five years, alternative housing communities have been growing and the projects have become bigger. The larger developments have seen professionals specialise in the planning, conceptualising and delivery of projects that create a lot of opportunities for self-organization, community life, ecology and sustainability. They are not just nice places to live, but they also integrate the whole neighbourhood through community gardening and co-working (Co-Housing In Europe #3: The Case Of Berlin 2017).



Spreefeld co-op in Berlin – Retrieved from <https://citiesintransition.eu/interview/co-housing-3-the-case-of-berlin>

In Sweden, co-op housing provides more than one fifth of housing (Cooperative Housing International 2017). Just after World War Two, the Swedish government started subsidising co-op housing in a similar way to other housing types. The tenant movement at the time quickly took advantage of this development and HSB, one of the largest housing co-

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ops, was founded as part of this movement. HSB and other similar co-ops were price controlled until 1973 and subsidised until 1990, gradually expanded before being exposed to market forces. The Netherlands, Denmark and Sweden top the European list in alternative housing models. Most people associate Swedish co-housing and co-op housing with the hippie lifestyle of the 1970s, but today's updated model of communal living has come a long way. Long appreciated values like interests in self-organisation, collaboration and cooperation still exist, but recent developments show passionate engagement of increasing numbers of people from various backgrounds communities and cities, interested in forms of housing that recognise changed household structures of today, bringing a revival and new energy to this unique movement (*Cohousing Cultures: Handbook For Self-Organized, Community-Oriented And Sustainable Housing* 2012.) As one of Sweden's oldest and largest housing co-ops, HSB has 550,000 members. One of their latest developments is the Living Lab in Gothenburg. A 'Living Lab' is a research concept but for HSB and the university of Chalmers, it is also names a residential housing project for students and researchers. The project is quite radical and acts as a research platform for HSB developing the home of the future. In close collaboration with Chalmers and Gothenburg Universities, HSB uses the student housing project to experiment with different materials, products and different ways of living. The building comprises of 25 units for students and researchers on three levels. The units allow for much flexibility and the layouts can easily be reconfigured over the 10-year research period. Like other community housing projects, Living Lab includes some common spaces like community rooms, laundry facilities and an exhibition area. HSB is hoping that the research findings will provide solutions to todays housing challenges of affordability, and sustainability (Cooperative Housing International 2017).



An early artist's impression of the HSB Living Lab in 2015 – Retrieved from <http://suslab.eu/partners/chalmers-th/hsb-living-lab/>

Alternative housing models in Australia

In contrast to the housing situations overseas, community based housing in Australia only represents 0.06 per cent of the total housing stock (Australian Bureau of Statistics 2017). However, with a growing international attraction to alternative housing, there is interest in expanding co-operative and co-housing developments in Australia, particularly in the inner suburbs of cities. There is also a speculation that this form of housing could provide some answers to the housing affordability crisis (Co-Op Housing: An Affordable Housing Solution 2013). Although co-operative housing today does not have a strong position in the Australian housing market, this was not always the case. There are a number of co-op developments dating back to the 1990s that were considered successful and forward thinking. Cascades, a well-established cooperative housing community in Tasmania was established in 1991, and has inspired a more recent development, 'Tasman Village' in Tasmania. Similarly the Pinkarri community in Western Australia is one of a number of smaller, recent ventures into co-operative housing that is enjoying moderate success (Schwartz 2017).

Further interest for co-op housing has been expressed from the city of Fremantle in WA. The cite was inspired by Germany's Baugruppen housing co-op type developments and are hoping to build a fully council owned co-operative housing development in East Fremantle. Housing affordability is the driver for this recent pilot project in Fremantle as the medium house price in Fremantle is considerably above the medium house price in Perth. Geoffrey London, inaugural WA Government Architect (2004-2008) and former Victorian Government Architect (2008-2014), is leading the research and elaborates, " that in order to maintain a diverse community and welcome people of all types to our town, we need to look at innovative ways to house them" (Cheng 2016).



A Baugruppen development in Germany inspired the city of Fremantle. Retrieved from <https://architectureau.com/articles/german-cooperative-housing-model-takes-root-in-wa/>

Holtzman (2012) argues that the difference between recent attempts at community housing in Australia and their counterparts overseas is that a movement towards more sustainable lifestyles

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largely drives them in an attempt to regain lost social capital, rather than affordability. Contrary to this belief, another recent project in Melbourne, the Nightingale Housing project promotes, supports and advocates for high quality affordable housing that are ecologically, socially and financially sustainable, all located in inner city suburbs. The project is the brainchild of a few Melbourne architects. United, they lead the charge on sustainable urbanisation and created Nightingale Housing, a not-for-profit social enterprise. “Each Nightingale project is a triple bottom line development model, meaning it sees investment from the future residents, a group of architects, and 25 ethical investors – mum-and-dad middle-class Australians interested in creating a social impact”(McDonald 2016). While the drivers are multiple – mitigate climate change and lessening the city’s collective footprint on the earth, they also promote affordability, equitability and liveability (McDonald 2016). Nightingale currently has four projects; Nightingale 1 is under construction, with a completion date of October 2017, and the remaining three projects are all in various planning stages.



*Artist impression of proposed Nightingale 3 housing in Melbourne
Retrieved from <http://nightingalehousing.org/>*

CONCLUSION

Moving into the twenty-first century, Australia’s housing industry is still dominated by housing authorities that tightly control the market. Although Australian household structures have changed significantly over the last few decades, housing consumers still struggle to initiate housing developments different to detached housing. Further more, households struggle to find adequate and affordable housing in their neighbourhoods due to insufficient income and high rents or house prices (McMahon 2013). But there is evidence that many Australian households would welcome more housing options, valued in many parts of the western world. Community oriented housing has become rather mainstream internationally and people enjoy real cost benefits. Residents live close to work, can eliminate car use, enjoy community life and there is the added possibility to integrate commercial services like childcare as part of the development. Costs stay lower because rents are not market based and purchases are cheaper because often the community members themselves act as developers, self-managing the property or ethical investors agree to a capped low profit margin. Australia has several hybrid models of community housing, a fusion of the corporation owned/shareholder co-op model and the

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common (yet different) strata title co-housing model. Many are successful and current initiatives driven by consumer demand, ethical investors and forward thinking professionals show promising signs in upsetting the status quo of speculative housing. But can these few, new, progressive and innovative community oriented housing projects change the mindset of a nation, who wants to own everything, close the gap in the market?

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