

# WHAT AUSTRALIA CAN LEARN FROM EUROPEAN AFFORDABLE CO-OPERATIVE RENTAL HOUSING MODELS



A report on findings from  
the BCCM 2024 European  
Co-op Housing study tour



# What Australia can learn from European affordable co-operative rental housing models

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What Australia can learn from European affordable co-operative rental housing models: A report on findings from the BCCM 2024 study tour

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The report features a vibrant collection of photographs taken by the tour participants.

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# ABOUT THIS REPORT

In 2023, the Business Council of Co-operatives and Mutuals (BCCM) engaged the Griffith Centre for Systems Innovation (GCSI) to curate a study tour for Australian decision-makers to explore large-scale, affordable rental housing co-operatives in Europe. The report, authored by Dr Sidsel Grimstad (GCSI) with contributions from Linda Seaborn (BCCM) on the Australian context and Emily Taylor (Core Collective Architects and study tour participant) on housing design and innovation, shares key learnings from the tour.

The report features a unique illustration, “The Ripple Effects of Co-operative Housing for Wellbeing,” designed by GCSI Director Ingrid Burkett. It includes insights from Joanne McNeill (GCSI) and participant Donald Proctor. The report compiles information gathered during the tour, incorporating host presentations, documents and verified infographics and images.

The report describes how the three European affordable co-operative housing systems were established, their supporting institutions and their innovative approaches to global and local sustainability challenges. While it provides factual comparisons with the Australian context, it does not critically evaluate the systems due to the project’s scope.





# ACKNOWLEDGEMENTS

Organising a tour of this kind takes time, passion and co-operators.

A special thanks to our institutional contacts for generously sharing their time, slides and knowledge.

We also deeply appreciate the co-op members and families at each site for their warm hospitality, helping us gain insights into the co-op lifestyle, policies and history.

## IN COPENHAGEN:

- Pernille Egelund Johansen and Laurits Røykum in KAB
- Kim Laustsen, Morten Baekmand Nielsen and Flemming Pedersen in Nykredit

## IN VIENNA:

- Heinz Feldmann in Wohnproject Wien
- Bernd Riessland, Gerald Koessl and Gerlinde Gutheil-Knopp-Kirchwald in GBV
- Veronika Iwanowski from Wiener Wohnen
- Robert Temel City Scientist
- Marvin Mitterwallner, Seestadt Aspern

## IN ZURICH:

- Richard Heim, ex-City Planner
- Nathanea Elte, ABZ
- Christian Hofer, Raiffeisen
- Patrick Gmur, ETH Zurich
- Annette Helle, Hellearchitektur
- Evelyn Enzmann, Enzmann Fischer Architects
- Rebecca Omoregie and Kathrin Schriber WBG Schweiz
- Stefan Schneider WBG Zurich

The tour could not have run as smoothly without the efforts of:



Beverley Wood, BCCM Event Convenor, for her seamless tour management ensuring tour participants were well-fed and where they needed to be.



Linda Seaborn, BCCM Senior Policy Adviser, for her planning and insights and for her contribution to the Australian content in this report.

We're grateful for their dedication and expertise.

BCCM also acknowledges the enthusiasm of the study tour participants for their valuable contributions, making the experience enriching and enjoyable.



Lastly, thank you to Sidsel Grimstad for her dedication, knowledge and efforts during the tour and in writing and authoring this report.



# FOREWORD

Safe, secure and affordable housing is a bedrock for sustainable, healthy and happy communities.

However, Australia's housing system is failing the 35 per cent of households who are not able to own or buy their own home. Privately owned market rental housing in Australia lacks long-term security, is unaffordable for many and is propped up by subsidies and tax breaks to investors. Social housing, after decades of underinvestment, has become marginalised and stigmatised and there is just simply not enough of it.

No wonder we are all so worried about the future of housing in Australia and the prospect that the next generation will be locked out of the housing market.

While recent Australian governments have acknowledged and begun to address the housing crisis, we risk missing a key opportunity to reform and re-imagine social, affordable and private rental housing for everyone's benefit. Co-operative not-for-profit affordable housing has existed and thrived in Australia for 50 years, but it makes up less than 0.1 per cent of Australia's housing stock.

Most people will not know of the large European housing co-op sector. If you have travelled there, you may have walked past a co-op house without knowing. These co-ops provide long-term, secure, affordable rental housing, where the resident members are empowered to make decisions just as if they were homeowners. They have been a part of the mainstream housing market in many parts of Europe for more than 100 years and are the housing of choice for

up to 33 per cent of the people in some European cities and towns. Development costs are controlled by minimising risk for investors, setting aside land for affordable housing and detaching the sector from market volatility and speculation. Housing co-ops have the goal of providing the best housing, not the highest profit.

People may not be aware of how applicable these European co-op models are to Australia.

In April 2024, the BCCM led a study tour to three European jurisdictions to study their housing systems. Copenhagen, Vienna and Zurich were chosen because they have well-developed and scaled sectors of co-operative housing. Our nine delegates represented Australia's leading co-operative housing developers, community housing and First Nations housing groups, finance and banking sectors, and the professions of architecture, town planning and design.

What we saw was astounding, but not out of reach for Australia.

Instead of thinking only about private ownership as everybody's ambition, housing policy in Denmark, Switzerland and Austria is led by the ideas of affordability, equity and possibility. Market housing thrives in Europe, but a community and political consensus recognises that it fails to serve a significant proportion of citizens, who must have mainstream non-market housing available.

This report explains what we saw and makes key recommendations for governments to foster the growth of Australian co-operative housing as part of expanding affordable housing.

Over time this will provide better alternatives to our fragmented, inefficient, insecure and often unaffordable private market rental sector.

We invite your interest and leadership to bring co-operative housing to scale in the Australian housing system.



Melina Morrison  
CEO BCCM





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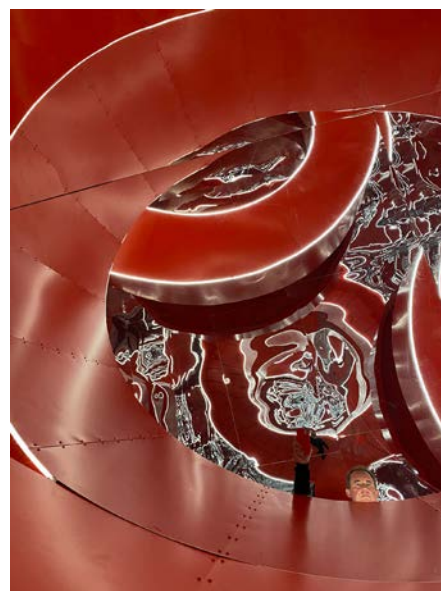
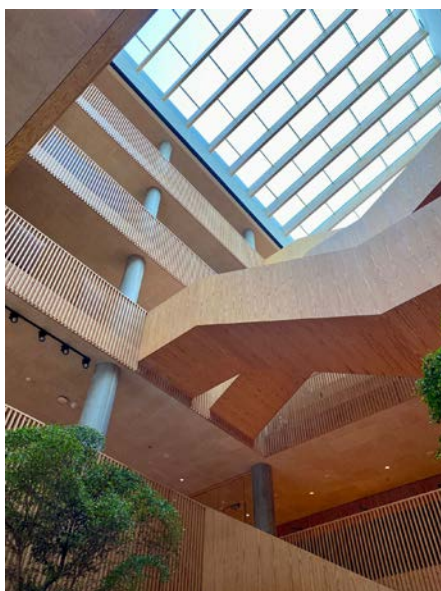
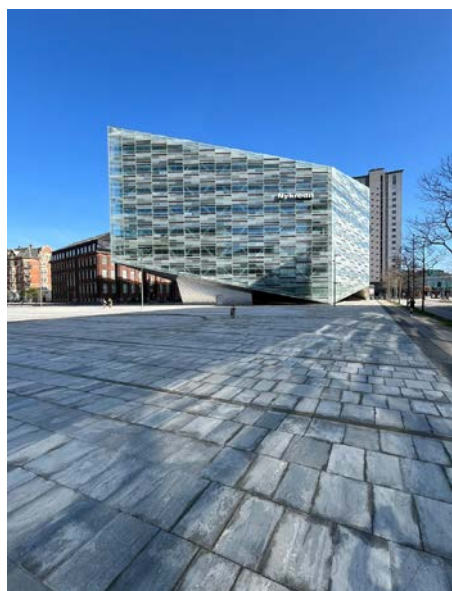
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# EXECUTIVE SUMMARY

The study tour focused on examining three jurisdictions, Denmark, Austria and Switzerland, where affordable rental housing co-operatives comprise a substantial share of total housing stock.

A key objective of the study tour was to understand how these substantial sectors were established and sustained and how tenant democratic processes were implemented. (The table on pages 24 – 27 provides key differences between the Australian rental housing co-operative sector and the three countries visited).

We hereby present key findings from the study tour that may inform policy, financing, design, governance mechanisms and tenant participation, to support the development of a mainstream and sizeable affordable rental housing co-operative sector in Australia.

## 1.

### European rental housing co-operatives at scale provide liveable cities for all

The study tour findings clearly showed that a mainstream, scaled and affordable rental housing co-operative sector offers safe, secure and long-term housing solutions for low- and middle-income households that can have a substantial impact on improving the wellbeing of individuals and families.

They serve as dignified and community-oriented housing solutions for a broad range of people on low and middle-incomes, essential workers, older people and young adults, immigrants and people living with disabilities.

## 2.

### Private/public funding models secure affordable housing co-operative supply in perpetuity

We have seen the successes of three different collaborative private/public funding models that ensure continuous investment in affordable rental housing supply. Context-specific funding mixes included Housing Future Funds, government guarantees, commercial loans from banks and mutuals, soft loans from government entities, tenant equity contributions, co-operative solidarity funds and grant funding.

Foundational to ensuring affordability, quality, maintenance and social and environmental innovation in design was rigorous regulation and monitoring of non-profit and at-cost construction.





# 3.

## Equitable and long-term housing security ensures good social mix and a sense of home

Cities with a considerable scale of affordable and secure rental co-operative housing, equitably distributed throughout all suburbs, creates a good social mix, access to inner-city housing for low and middle-income households and essential workers, and contributes to thriving local communities.

This approach contrasts with traditional social housing models in Australia, where disadvantaged tenants are concentrated and may face insecurity and disincentives to improve income levels due to stringent income and social criteria.

When tenants contribute equity, even in small amounts, for secure and affordable housing, it fosters a sense of ownership and stability akin to home ownership. Affordable rental housing at scale makes it possible to downsize and age in your community, as well as what was seen in some cities: the possibility for rental leases to be inherited.

# 4.

## Tenants' participation in planning and operations ensures affordability and liveable cities

Through discussion with co-operative members throughout the study tour we have seen the importance of empowering tenants through active participation in decision-making processes.

The positive impact of having tenants actively involved in the housing co-operative and co-operative federation's investment decisions leads to a safeguarding of housing affordability, balanced with the need to invest in additional affordable housing supply.

At the co-operative level, tenants' active participation enhances living environments, leads to resource-effective solutions and promotes social and environmental outcomes for all. Tenant participation in planning, maintenance and improvements not only strengthens their individual agency but also results in tangible improvements in housing quality, individual and family wellbeing, health and education outcomes.

# 5.

## Focus on people-centred urban planning and design

We found that in the three European cities visited, the non-limited-profit developers and co-operative federations were both encouraged and required to innovate in people-centred urban planning and architectural design principles crucial for creating vibrant and inclusive communities.

Targeted policies facilitated establishment of affordable rental co-operative housing throughout the city, integrating them with public transport and amenities. Innovative design approaches, influenced by national and global sustainable development goals (SDGs), were seen to optimise construction costs while enhancing economic, social and environmental outcomes.

The lesser focus on profit margins for non-limited-profit developers was seen to lead to innovation and reinvestment into new features in the sector.

In conclusion, these learnings highlight the transformative potential of affordable rental housing co-operatives in Australia. By adopting co-operative principles and integrating them into policy and development frameworks, Australia can address housing challenges effectively, promote community resilience and create more liveable cities for all residents.



FIGURE 1 – CO-OPERATIVE HOUSING – ILLUSTRATION DEVELOPED AND DESIGNED BY GRIFFITH CENTRE FOR SYSTEMS INNOVATION

# The Ripple Effects of Co-operative Housing for Wellbeing

## Commons & Community

- *Shared amenities*
- *Common spaces*
- *Mixed tenancy*
- *Spaces for broader community*

### Results in...

- *decreased cost of infrastructure (as amenities are shared)*
- *increased opportunities for social inclusion & integration of diverse communities across cities & regions*
- *improved access to social & economic infrastructure*

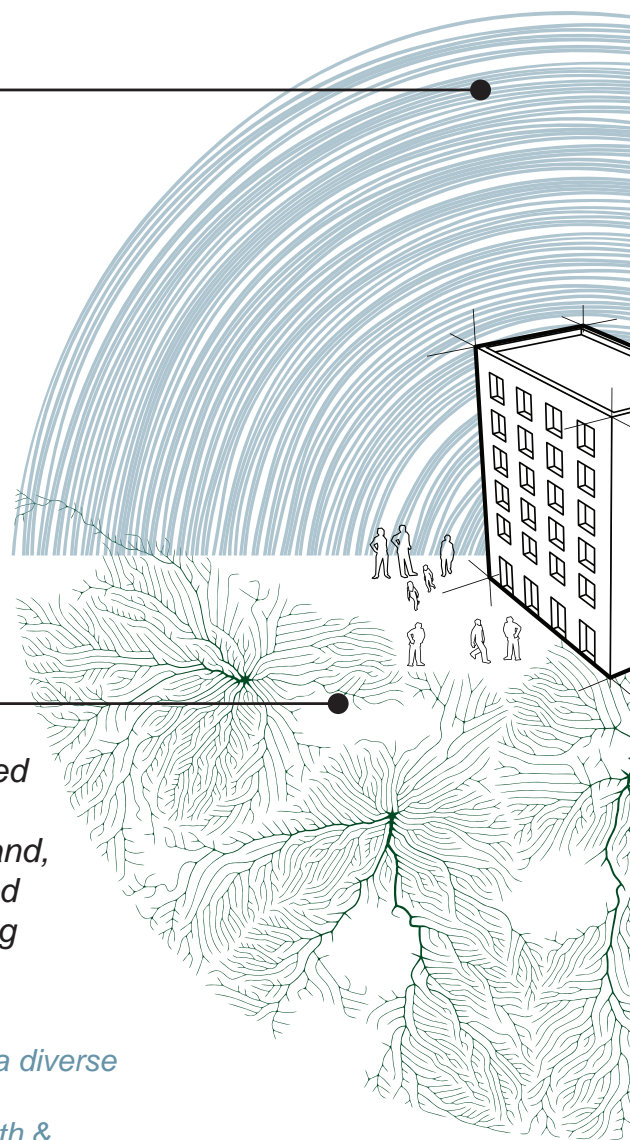
## Policy Framework positions housing as core to wellbeing

- *Regulating rent structures*
- *Adopting a wellbeing-focused rather than market-focused frame for housing policy*
- *Countering speculation on housing through access to land, legislating for affordable housing as a right & social good*
- *Public spend focused on housing rather than subsidising private housing market*

### Results in...

- *increased quantum of affordable, stable housing options for a diverse population (particularly in urban areas)*
- *improved recognition of the role of stable housing in the health & wellbeing of people & families*
- *reduced public spend on housing over the long term*

## The Roots of Change underpinning Co-operative Housing



## Affordable, Secure & Sustainable Housing

- *Secure Tenancy: House as a home, renting like you own it*
- *Quality, energy efficient housing*
- *Member economic benefits considered at all stages (work, transport, energy, leisure) to ensure affordability in totality & perpetuity*

### Results in...

- *improved health (physical & mental) for tenants*
- *reduced financial stress*
- *greater capacity for long-term planning*
- *increased opportunities for social & economic participation*
- *multipliers & savings for government across domains*

## Tenant Voice & Participation

- *Tenant voice as core to planning, operations & decision-making*
- *Tenant participation in governance of housing co-operatives*

### Results in...

- *greater levels of social participation & social cohesion*
- *increased citizen engagement in democratic processes*
- *opportunities for self-determination & self efficacy which has spillover effects for health & wellbeing*

## Access to Affordable Land

- *Land banks with co-operative &/or social housing focus*
- *Restrictions &/or incentives for non or low profit development of land for affordable housing*

### Results in...

- *measures for countering land & property speculation improves affordability & inclusion*
- *improved capacity for cities & regions to plan affordable housing for future populations & generations*

## Collaborative Funding Models

- *Continuous investment in affordable rental housing co-operatives*
- *Structuring & layering funds to share risks & maximise impact*
- *Mixed funding sources including tenant equity & recycling of rent into maintenance & new housing*

### Results in...

- *increased opportunities for mixed & diverse economies to thrive in regions (including co-operative enterprises, social enterprises & non-profits in the housing economy)*
- *shared risks & returns that incorporate impact & inclusion*
- *increased capacity for large-scale, diversified portfolios of affordable housing initiatives*



# SECTION ONE: THE STUDY TOUR



# 3.

COUNTRIES

- Denmark
- Switzerland
- Austria

# 9.

DELEGATES

- Two architects
- One government policy adviser
- Two bankers
- One academic
- One housing providers
- Two BCCM representatives

# 15.

DAYS

# 18.

SITE VISITS

# 6.

PRESENTATIONS

# Background

Australia has historically been a country with a high percentage of home ownership compared to many European countries, which in turn have large and tenure-secure rental sectors.

While home ownership in Australia was at its highest at 70 per cent in 2006, it has declined to 67 per cent in 2021. The sharpest decline in access to home ownership is by younger age groups. In 2021, 31 per cent of the population were renters – 26 per cent confined to insecure private rentals, while only 5.4 per cent were able to access public or community housing rental properties with affordable rent.<sup>1</sup> Affordable housing is thus a very scarce resource in Australia. Entry is generally restricted through funding programs to people on the lowest incomes and often with complex additional issues.

Australia is currently experiencing a housing affordability crisis, with low- and middle-income households often no longer able to enter the housing market, due to rapidly increased costs and high interest rates. As private ownership becomes less affordable, an increasing number of low- and middle-income households enter and remain in the private rental sector for longer periods or life<sup>2</sup>. Simultaneously, affordable rental

listings have plummeted, with most states reporting that less than one per cent of listed properties are affordable for low-income renters<sup>3</sup>.

In this context, there is growing discussion amongst government, not-for-profit Community Housing Providers (Australian Co-operative Housing Alliance, 2024) and researchers pointing to rental housing co-operatives as an 'intermediate tenure' or a "missing middle"<sup>4 5</sup>, between owning and renting that can offer housing security, quality and affordability<sup>6 7</sup>. Recent federal and state government budget allocations earmarked to increase housing supply, and especially affordable housing supply, create an opportunity for affordable housing co-operatives to be a significant part of the solution going forward.

The Australian housing co-operative sector is vibrant but small. About 6,000 households live in 270 housing co-operatives. Putting this into context, the housing co-operative sector currently comprises less than 0.05 per cent of Australia's total housing stock<sup>8</sup>.

Recent Australian Research Council (ARC-funded research<sup>9</sup> has documented the substantial positive social outcomes and impacts that affordable rental housing co-operatives have on the lives and wellbeing of tenants, such as:

- skills development, leading to positive employment and educational outcomes;
- satisfaction with housing stability, quality and security;
- greater social capital;
- improved health and wellbeing, including that of children; and
- a sense of agency, empowerment and voice.

<sup>1</sup> Australian Institute of Health and Welfare (2024) Home ownership and housing tenure (released 12th July 2024) <https://www.aihw.gov.au/reports/australias-welfare/home-ownership-and-housing-tenure>

<sup>2</sup> Productivity Commission (2022) In need of repair: The National Housing and Homelessness Agreement. Study Report, Canberra

<sup>3</sup> Anglicare Australia, (2023) Rental Affordability Snapshot. Collated Regional Reports. <https://www.anglicare.asn.au/>

<sup>4</sup> Apps (2021) Housing the 'missing middle' — The limited equity housing co-operative as an intermediate tenure solution for Australia's growing renter class. Australian Property Law Journal, 29, 26.

<sup>5</sup> Monk and Whitehead, (2010) Making housing more affordable: the role of intermediate tenures. Wiley-Blackwell

<sup>6</sup> Suttor, Odogwu and Falvo (2022) The Co-op Difference: Comparing co-op and market rents in five Canadian cities. Co-operative Housing Federation of Canada. <https://chfcanada.coop/co-op-difference-report-shows-housing-affordability-gap-increasing-between-housing-co-ops-and-market-rentals/>

<sup>7</sup> City of Sydney (2016) Housing for all. City of Sydney Local Housing Strategy. [https://www.cityofsydney.nsw.gov.au/-/media/corporate/files/2020-07-migrated/files\\_h/housing-for-all-city-of-sydney-local-housing-strategy.pdf?download=true](https://www.cityofsydney.nsw.gov.au/-/media/corporate/files/2020-07-migrated/files_h/housing-for-all-city-of-sydney-local-housing-strategy.pdf?download=true).

<sup>8</sup> Seaborn, L (2024) Australia's housing co-operative sector. BCCM

<sup>9</sup> Crabtree-Hayes, L., Ayres, L., Perry, N., Veeroja, P., Power, E. R., Grimstad, S., ... Guity, N. (2024). The Value of Housing Co-Operatives in Australia. <https://doi.org/10.26183/0xpp-g320>



## Background (continued)

It further found that, because they use the same rental formulas, affordable rental co-operative housing supported by Community Housing Providers are similar in costs to other community housing forms - but provide substantially more positive long – term social and health impacts. As tenants in the research project stated:

**“The co-op model is a brilliant one and it gives me great faith in human nature. I have seen it rebuild family after family, offering them chances and healing that benefited all”**

[SURVEY 106]

**“In the larger context, I believe that housing co-ops offer a more sustainable means of optimising social capital and more equitably sharing material wealth, thereby helping to stabilise the economy and create a kinder, more resilient and cohesive society”** [SURVEY 64]

A substantial problem in the Australian context is that the co-operative housing model is little known<sup>10</sup> and often misconstrued as being solely about intentional or “hippie” communities and not as an affordable

mainstream housing solution<sup>11 12</sup>. In many European countries however, large parts of the housing stock are comprised of “missing middle” affordable housing tenures, with rental housing co-operatives being a preferred housing form for low- and middle-income households. These co-operative housing sectors have consequently established strong support and funding structures that maintain and expand the sector, push for cutting-edge social and environmental innovation, and support a strong tenant voice and participation in decision-making around their homes, surrounds and communities.



<sup>10</sup>. Crabtree-Hayes, L., *ibid*

<sup>11</sup>. Metcalf, B. (1995). From utopian dreaming to communal reality. Co-operative lifestyles in Australia. University of New South Wales Press.

<sup>12</sup>. Crabtree, L. (2018). Self-organised housing in Australia: housing diversity in an age of market heat. *International Journal of Housing Policy*, 18(1), 15-34. <https://doi.org/10.1080/14616718.2016.1198083>

<sup>13</sup>. Crabtree-Hayes, L., Ayres, L., Perry, N., Veeroja, P., Power, E. R., Grimstad, S., ... Guity, N. (2024). The Value of Housing Co-Operatives in Australia. <https://doi.org/10.26183/0xpp-g320>

# The purpose and selection of locations for the study tour

One of the main reasons for the study tour was to understand the institutional and financial systems that are in place to support the growth and maintenance of a large affordable housing co-operative sector<sup>13</sup>.

The purpose of the study tour was to examine different European models of affordable rental co-operative housing solutions at scale that could be adapted into the Australian context.

Copenhagen, Vienna and Zurich were selected for the study tour, due to each having affordable rental housing co-operative sectors of at least 20 per cent of housing stock. This offers affordable, good-quality and secure housing to large numbers of low- and middle-income households.

The intended study tour outcomes were:

- To examine some of the world's largest affordable co-operative housing sectors for potential solutions to the Australian housing affordability crisis.
- To provide leading Australian decision-makers and professionals with first-hand knowledge about European housing co-operatives and how these mainstream housing sectors are operated and financed.
- To gain practical insight into what it is like to live in a housing co-operative, its governance, management and maintenance.
- To gain an understanding of organisational support, training and education needed to support a well-functioning co-operative housing sector.

- To be introduced to innovation and sustainability in the co-operative housing sectors.
- To build a body of evidence to support advocacy to Australian governments to adopt co-operatives as a future mainstream solution for affordable secure housing.

Please see page 16 for information on the study tour participants.

The curation and delivery of the study tour was a collaboration between Sidsel Grimstad at the Griffith Centre for Systems Innovation and Melina Morrison, Linda Seaborn and Beverly Wood from BCCM. A detailed study tour program can be found in Appendix B.

The study tour delegation spent between three-four days in each city, guided by local experts to ensure that the participants met with and learnt from:

- Institutions such as national/ regional co-operative federations, city planning departments and mutual banks involved in co-operative housing development and funding.
- Co-operative federations that provide ongoing support to co-operatives and their tenant democracy.
- Co-operative and non-profit or limited-profit developers in charge of new co-ops or the renovation and retrofitting of older housing co-operatives.
- Tenants and co-operative Board

office bearers.

- Architects and planners leading social and environmental innovation in new affordable housing development and in renovation of old co-operative housing.

The study tour visited housing co-operatives within the cities and suburbs of Copenhagen, Vienna and Zurich due to time constraints. While we could not visit housing co-operatives in smaller towns and rural settings, we were informed that co-operatives offer affordable housing throughout regional areas. In all three countries we were exposed to both new housing developments as well as the renovation and retrofitting of older co-operative buildings.

We did not visit equity or ownership housing co-operatives, as these are market priced and therefore often unaffordable for low- and middle-income households, and thus outside the scope of the study tour.



## Study tour participants



Left to right: Heinz Feldman (Wohn Project Wien), Dr. Sidsel Grimstad, Melina Morrison, Donald Proctor, Emily Taylor, Craig Brooke, Neil Willmet, Liz Thomas and Mark Smyth, (Beverley Wood - not pictured).



### Mark Smyth – Executive General Manager BCU Bank

With over 20 years of experience in banking and finance, Mark is a visionary leader who drives strategic change and transformation and inspires his teams to deliver excellence and value for Beyond Bank's customers and stakeholders. As an advocate for customer-owned banking, Mark is passionate about empowering the financial security of Australians, especially through affordable housing solutions.



### Emily Taylor – CCA Associate

Core Collective Architects (CCA) is a Tasmania-based architecture practice specialising in sustainable, elegant and robust architecture. Emily has over fifteen years' experience designing apartment buildings, social housing and community buildings that have been recognised with industry awards. She is passionate about affordable housing that is dignified, sustainable and socially connected.



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### Melina Morrison – CEO

Melina is an experienced co-operative leader working for more than two decades in the co-operative and mutual movement. Melina was the driving force behind the formation of the Business Council of Co-operatives and Mutuals (BCCM) in 2013 after heading Australia's Secretariat for the International Year of Co-operatives. As chief executive officer of the BCCM she has led the movement to historic achievements. Her campaign for access to capital resulted in new laws and more than \$350 million released into Australian co-operatives and mutuals since 2019.

### Beverley Wood – BCCM Event Convenor

Bev was the Tour Manager, providing day-to-day practical and logistical support and information so that each participant had a seamless and well-informed tour experience. She made sure we arrived on time, were well fed and caught the buses, planes and trains we needed to catch.



#### Craig Brooke – CEO

Craig joined KeyInvest in October 2022. Craig has spent the past 26 years in senior leadership roles across the financial services industry in different parts of Australia as well as offshore within the Asia Pacific region. Before joining KeyInvest Craig's role was with Bendigo and Adelaide Bank as the Head of Enterprise Lending Strategy and Credit Transformation. Prior to this, he held Senior Executive roles with ANZ as well as the Commonwealth Bank. In his last role with ANZ he was the Head of Operations across Australia which included share investing, margin lending, private banking and financial advice. His teams were spread across Australia, India and the Philippines.



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#### Dr. Sidsel Grimstad – Senior Lecturer at Griffith Centre for Systems Innovation

Dr. Sidsel Grimstad is an academic at the Griffith Centre for Systems Innovation with expertise on housing co-operatives, having previously been a housing co-operative resident in Norway. She has more than 10 years' involvement in the Australian co-operative sector through education and research activities, which fuels her knowledge and passion for member-owned, co-operative and mutual enterprises and housing solutions.



#### Liz Thomas – Managing Director

Liz Thomas is an experienced Board Director and CEO, recognised and acknowledged as a dynamic leader with a trademark style that combines a strong sense of social justice and sound commercial acumen. In 2021, Liz was appointed Managing Director of CEHL. Since then, she has driven a broad range of positive changes for CEHL's 100 rental housing co-operatives and their members. She has become a strong advocate for the national housing co-operative movement and currently chairs the Australian Co-operative Housing Alliance (ACHA) and is the Deputy Chair of Victoria's Community Housing Industry Association.



#### Aboriginal and Torres Strait Islander Housing Queensland

#### Neil Willmetts – CEO, Queensland Aboriginal and Torres Strait Islander Housing,

A national leader in Aboriginal and Torres Strait Islander housing, health, economic development and public administration, Neil is known as a leading thinker and in strategy and policy development and implementation with an outstanding record of executive achievement in the corporate, government and not-for-profit sectors.

Neil has been the CEO of the Queensland Aboriginal and Torres Strait Islander Housing Queensland since 2021 and prior was CEO of the Queensland Aboriginal and Islander Health Council (QAIHC).

#### Donald Proctor – Housing Co-operative Expert, Founder of Stucco, Student Co-operative in Sydney, NSW

Donald Proctor is a consultant to the social housing industry and the founder of the STUCCO Housing Co-operative in Sydney NSW, a student housing co-op that opened in 1992 and was the first of its kind in Australia.

Today, Donald is widely recognised as an innovative and passionate housing and planning professional.



# Study tour itinerary

## COPENHAGEN – Monday, 8 April 2024

- European Banking Co-operative member Nykredit Bank presentation

## COPENHAGEN – Tuesday, 9 April 2024

- Site visit 1: Copenhagen Rental Housing Cooperative Federation HQ (KAB)
- Presentation on KAB Business Model
- Site visit 2: Frederiksberg suburb of Copenhagen
- Site visit 3: Frederiksberg suburb of Copenhagen
- Site visit 4: Frederiksberg suburb of Copenhagen

## COPENHAGEN – Wednesday, 10 April 2024

- Presentation by Pernille Egelund Johansen
- Site visit 5: Danmarkshusene
- Site visit 6: Den røde tråd, Roskilde (The Red Thread)

## VIENNA – Thursday, 11 April 2024

- Site visit 7: Wohn-Project Wien, Krakauer Strasse
- Site visit 8: The Austrian Fed. of Limited Profit Housing Associations (GBV)
- Site visit 9: Wohnfonds\_Wien, Lenaugasse

## VIENNA – Friday, 12 April 2024

- Site visit 10: Seestadt
- Site visit 11: Tamariskengasse
- Site visit 12: Neustraßacker 1

## VIENNA – Saturday, 13 April 2024

- Site visit 13: Sonnwendviertel-Ost

## VIENNA / ZURICH – Sunday, 14 April 2024

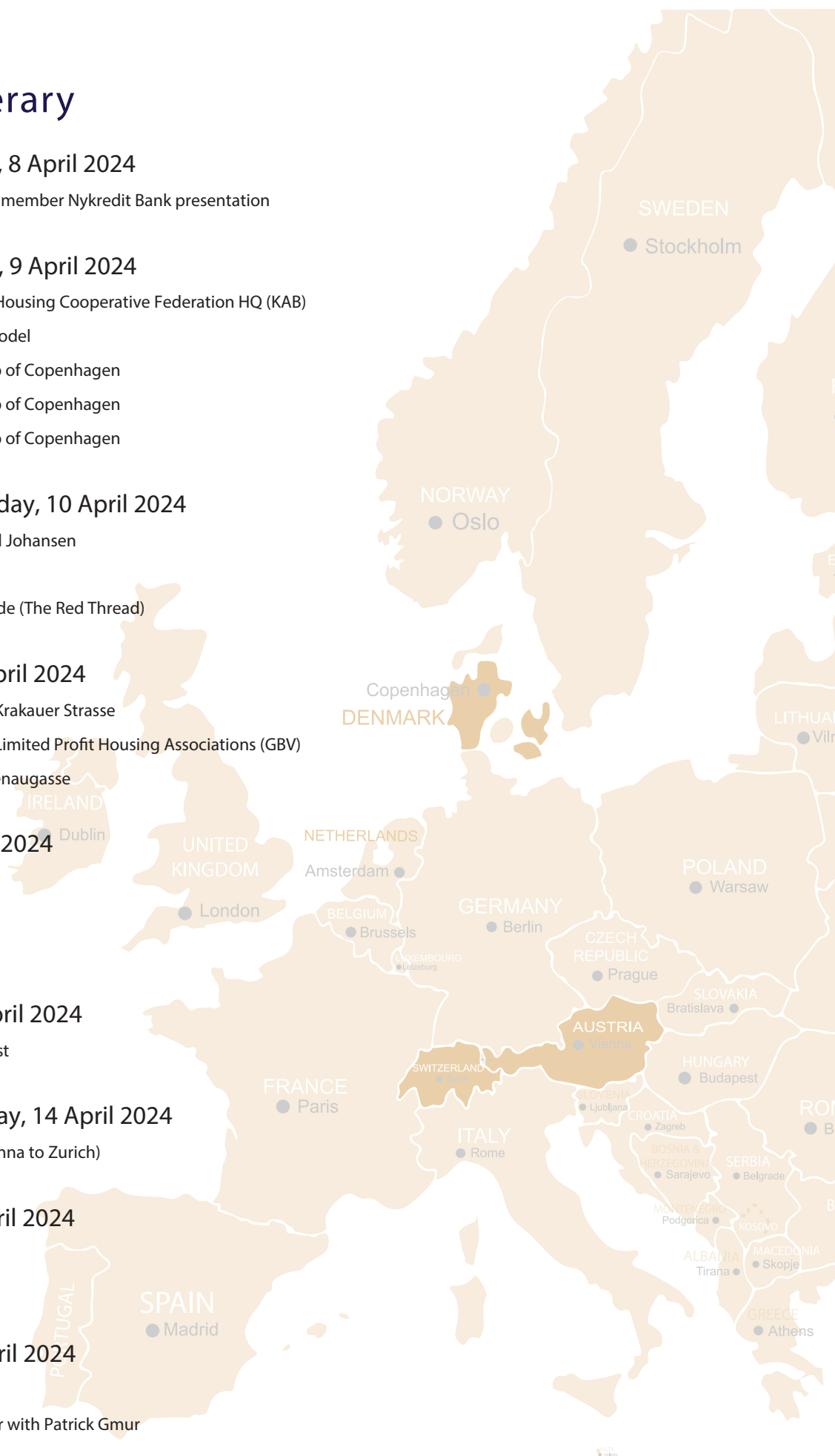
- Travel by train (7 hours from Vienna to Zurich)

## ZURICH – Monday, 15 April 2024

- Site visit 14: Kalkbreite 1
- Site visit 15: ABZ Cooperatives

## ZURICH – Tuesday, 16 April 2024

- Presentation: Idée Coopérative
- Site visit 16: Guided walking tour with Patrick Gmur
- Site visit 17: Kalkbreite 2
- Site visit 18: WBG Schweiz and WBG Zurich



## SECTION TWO: DEFINITIONS AND THE AUSTRALIAN CONTEXT

The definitions and descriptions of housing models, typologies, tenures and institutional structures will be different across country borders and jurisdictions.

It is therefore necessary to briefly first provide key definitions of different housing models and thereafter describe their prevalence in the Australian context.

What becomes obvious is that there are many variants of housing co-operatives, making this model a very adaptable and flexible solution of affordable housing that can provide solutions under very different contexts and legislations to meet a variety of housing needs.

### Key definitions and contextual issues

The study tour's objective was to understand affordable rental housing co-operative sectors in three different European jurisdictions. The focus on the three characteristics of 1) affordable, 2) rental and 3) housing co-operative models warrants a brief explanation on how we define these concepts.

The three European jurisdictions we visited use different terms to describe features of their affordable rental co-operative housing sectors. This variation in language and definitions contributes to some opacity in understanding how various models could be translated into the Australian context.

The international benchmark for determining if housing is affordable is that for very-low to moderate-income households, no more than 25 – 30 per cent of income should be used for housing (rents)<sup>14</sup>. In Australia a second measure is that the dwelling is offered at below market cost, typically below 80 per cent of market cost. (For a detailed overview of the Australian co-operative housing sector and relevant definitions please see BCCM (2024) The Australian Housing Co-operative Sector).

As can be seen from Figure 2, on the next page, in Europe the term “affordable housing” encompasses

social housing (public housing), affordable rental (includes rental housing co-operatives and other subsidised rentals) and affordable home ownership (includes shared or limited equity co-operatives and community land trusts etc). These affordable housing forms are also often called intermediate tenure, between market rental and market ownership of housing. Due to the scarcity of affordable housing forms in Australia, it has been called the missing middle of the housing landscape<sup>15</sup>.

<sup>14</sup> Australian Housing and Urban Research Institute (AHURI) <https://www.ahuri.edu.au/glossary?letter=A#taxonomy-term-835>

<sup>15</sup> Apps (2021) Housing the 'missing middle' — The limited equity housing co-operative as an intermediate tenure solution for Australia's growing renter class. Australian Property Law Journal, 29, 26.

FIGURE 2 – WHAT IS AFFORDABLE HOUSING IN EUROPE? <sup>16</sup>

There are multiple ways to support and achieve affordable rental housing; indeed in the three countries visited we were exposed to a variety of supporting policies, funding mechanisms, land banks, regulations and legislations that ensured that housing was accessible for low- and middle-income households.

The study tour was also focused on studying how rental housing co-operatives are implemented as an affordable housing model. Research in Australia and globally has documented that housing co-operative models result in better housing outcomes and social and environmental impacts. Housing co-operatives follow and apply the following seven co-operative principles as guides in governance and operations:

1. Voluntary and open membership.
2. Democratic member control.
3. Member economic participation.
4. Autonomy and independence.
5. Education, training and information.
6. Co-operation among co-operatives.
7. Concern for community.

Importantly, a housing co-operative is membership-based, with each member in the housing co-operative granted the right to occupy a housing unit in a

co-operative owned or leased complex or buildings. In rental housing co-operatives tenants rent their unit in a secure tenure arrangement. Housing co-operatives can also be member-owned, known as equity co-operatives where members buy their unit, but this was not the focus of this tour.

The requirement of members' active participation in governance and decision-making with "one-member one vote" as a principle in decision-making, differentiates co-operative models to other rental housing models where tenants have limited say. Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity.

In Australia, affordable rental housing co-operatives are part of social housing, offering housing for people who meet low income and assets eligibility criteria on entry to the housing. They are further regulated as part of the community housing sector. Low-income households in Australia are eligible to receive a public subsidy in the form of a Commonwealth Rent Assistance payment, and many housing co-op members are eligible to receive this payment. Australian affordable rental housing co-operatives may receive grants to provide affordable housing. They are required to be registered Community Housing Providers to be eligible for grant funding.

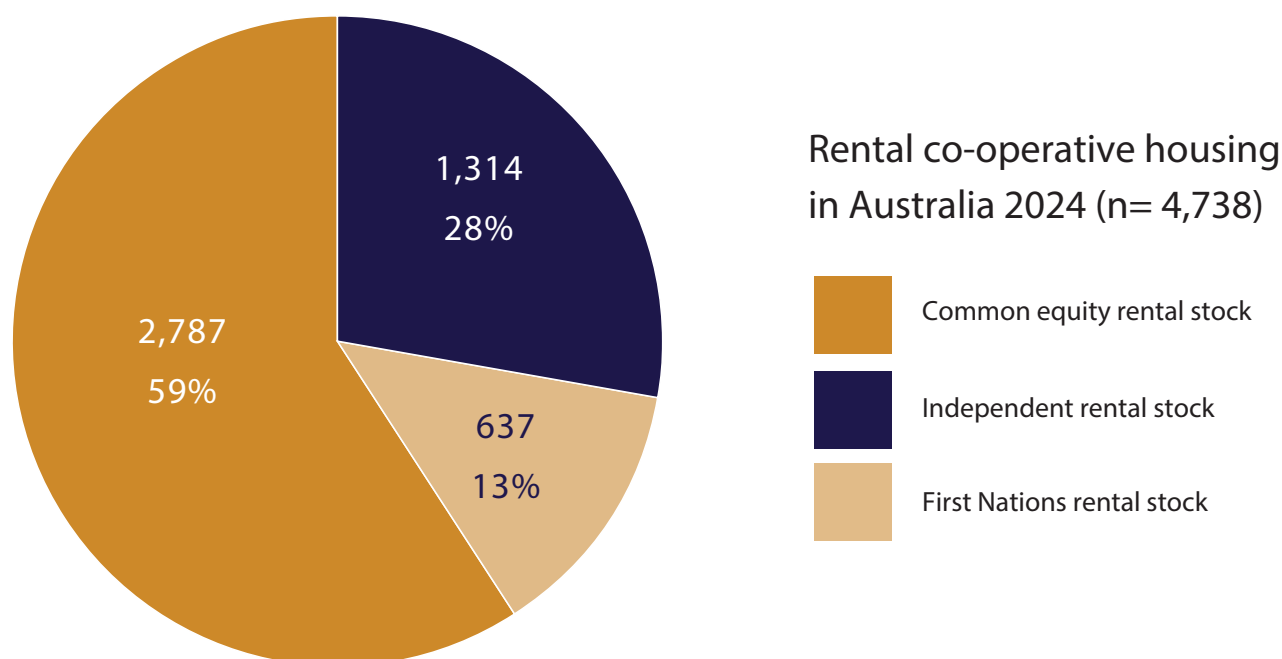
<sup>16</sup> Urban Agenda for the EU (2018) The Housing Partnership Action Plan [https://ec.europa.eu/futurium/en/system/files/ged/final\\_action\\_plan\\_euua\\_housing\\_partnership\\_december\\_2018\\_1.pdf](https://ec.europa.eu/futurium/en/system/files/ged/final_action_plan_euua_housing_partnership_december_2018_1.pdf)

<sup>17</sup> Cooperative Housing International (2024) Principles and Values. <https://www.housinginternational.coop/about/principles-and-values/>

<sup>18</sup> Cooperative Housing International (CHI) <https://www.housinginternational.coop/what-is-a-housing-cooperative/>

<sup>19</sup> Seaborn, L (2024) Australia's housing co-operative sector, BCCM



FIGURE 3 – PROPORTION OF RENTAL HOUSING CO-OPERATIVE TYPES IN AUSTRALIA<sup>20</sup>

**Common equity rental co-operatives** comprise the largest part, almost 59 per cent, of rental housing co-operative dwellings in Australia. These housing co-operatives are members of state-based Common Equity Community Housing Providers in four states, Victoria, NSW, SA and WA.<sup>21</sup>

In 2020 the Common Equities and the Victorian Independent Rental Housing Co-operatives established the Australian Co-operative Housing Alliance (ACHA) which functions as the national peak body for rental housing co-operatives.

**Independent rental housing co-operatives** comprise 28 per cent of rental co-operatives and are also registered as community housing providers, but maintain substantial independence and can “rent like they own it”, and have agency and security.<sup>22</sup> Little was known about this sector until the 2024 ARC report *The Value of Housing Co-operatives in Australia*.<sup>23</sup>

**First Nations rental stock** First Nations rental stock has been defined as Aboriginal and Torres Strait Islander organisations that deliver housing and are legally constituted as co-operatives, or if not legally constituted as co-operatives satisfy the definition of a mutual entity – that is, are community-controlled organisations which operate democratically with one member, no more than one vote<sup>24</sup>. Due to Aboriginal-led organisations being focused on self-determination and empowerment, many housing co-operatives deliver not only housing but also wrap-around health, employment, cultural and other services offered according to members’ needs (multi-stakeholder co-operatives). BCCM has estimated that First Nations Co-operatives amount to approximately 13 per cent of rental housing co-operative stock in Australia<sup>25</sup>.

<sup>20</sup> Seaborn, L (2024) Australia’s housing co-operative sector, BCCM

<sup>21</sup> Seaborn, L ibid

<sup>22</sup> Seaborn, L ibid

<sup>23</sup> Crabtree-Hayes, L., Ayres, L., Perry, N., Veeroja, P., Power, E. R., Grimstad, S.,.... Guity, N. (2024). *The Value of Housing Co-Operatives in Australia*. <https://doi.org/10.26183/0xpp-g320>

<sup>24</sup> Seaborn, L ibid

<sup>25</sup> Seaborn, L ibid

During our study tour, we saw that each jurisdiction had different criteria, standards and definitions of affordable housing, sometimes basing the definition on the type of developers that were involved (Limited-Profit Housing in Austria), or a uniquely named and historically derived category, Almene Boliger in Denmark, called “social housing” in English, which in practice they operate like affordable rental housing co-operatives. It has also gone under the term “public housing”, however, the Almene Boliger sector is developed by independent non-profit housing developers and organised as financially independent housing co-operative estates. Last, in both Austria and Switzerland, non-limited-profit housing estates were supported by either co-operatives and associations, however, in day-to-day management and administration of these there was not much difference.

As can be seen, what can be described as affordable rental housing co-operatives according to co-operative principles, can vary both in name, funding models, legislation, institutional structures and developers.

Rental housing co-operatives come in many physical forms and designs. Some are townhouses and small buildings with just a handful of units. Some are co-located and other may be scattered through a suburb. Others, typically in inner-city locations in the European cities we visited, rental housing co-operatives comprised large apartment complexes. The average size for Australian rental housing co-operatives is around 20 units per co-operatives, while the average for Danish co-operatives is around 150 units, but we also saw co-operatives with several hundred units. Some European co-ops have in the order of 10,000 dwellings in total, which exceeds the current largest Australian Tier 1 Community Housing Providers.

The fact that there are so many variants with regards to size, institutional structure, location and design demonstrates that co-operative housing is adaptable and flexible and can operate under different contexts and legislations to meet a variety of housing needs. Importantly, housing co-operatives may both provide mainstream affordable and quality housing and be a bespoke housing solution for groups of tenants wanting specific housing outcomes.







## SECTION THREE: LEARNING FROM EUROPEAN AFFORDABLE CO-OPERATIVE HOUSING MODELS

This section outlines key learnings from each of the three countries.

Each country case is described in the following structure:

1. Characteristics and underlying principles, values and policies that support the affordable rental housing sector
2. Funding models to bring affordable housing co-ops to scale
3. Institutional structures that support the sector and tenant participation

In addition is a section on the social and environmental impact and innovation resulting from a strong co-operative sector, including examples of architectural innovative design for social and environmental impact. The last section is a summary of the key learnings for developing rental co-operative housing in Australia.



# KEY DIFFERENCES BETWEEN AUSTRALIA AND COUNTRIES VISITED

TABLE 1 – AT A GLANCE – KEY DIFFERENCES BETWEEN AUSTRALIA, DENMARK, AUSTRIA AND SWITZERLAND

COMPARATIVE FACTOR	AUSTRALIA
Included in affordable rental housing co-operative sector?	Independent rental housing co-ops, common equity rental housing co-operatives, Aboriginal and Torres Strait Islander housing co-operatives
Rental housing co-operative as % of total housing stock	0.05% nationally
No of rental housing co-operatives and households nationally	239 housing co-operatives 4,738 households (average 20 units per co-op)
Tenant rights/responsibilities - Tenure security	Yes
Tenant rights / responsibilities - Access to dwelling	Generally eligible for relevant state government social housing program at time of entry to the co-op and usually a co-op selection process as well.
Tenant rights / responsibilities - Income restrictions	Yes, eligible for people on very low to moderate incomes at time of entry to the co-op
Tenant rights / responsibilities - Tenant equity	No
Tenant democracy and participation in decision-making?	Yes, governance and maintenance at co-op level. Co-op members also influence the strategy, governance and policy of the Common Equity Boards

DENMARK/COPENHAGEN	AUSTRIA/VIENNA	SWITZERLAND/ZURICH
“Almene Boliger” Affordable rental housing, with strong tenant democracy and participation in decision-making	Co-operatives are part of the limited-profit developers' sector (includes co-operatives, limited-profit stock companies, limited-profit liability companies)	Affordable rental housing co-operatives foundations, non-profit stock corporations
20% nationally 20% in Copenhagen	16% nationally 21% in Vienna	5% nationally 18% in Zurich
550 non-profit housing associations 8,500 estates (co-ops) 965,000 households (average 114 units per co-op)	182 limited-profit housing associations 985,000 households (average not available)	1,275 non-profit housing co-op and foundations 171,400 households (average 135 units/co-op)
Yes	Yes, lease can be inherited	Yes
Application and waiting list through co-operative association	Application and waiting list through co-operative association	Application and waiting list through co-operative association
No	Yes, below 70 – 80 income percentile. 75% of Vienna's population is eligible	No
Yes, 2% of costs	Yes, minimum 7% of costs (sometimes higher)	Yes, varies from co-operative to co-operative
Yes, substantive. Involved in ongoing and strategic decisions both at co-op level and in regional and national federations	Depends on whether it is a co-operative or association. Vienna has neighbourhood hubs for housing issues	Yes, substantive. Involved in both ongoing and strategic decisions

TABLE 1 – AT A GLANCE - KEY DIFFERENCES BETWEEN AUSTRALIA, DENMARK, AUSTRIA AND SWITZERLAND  
CONTINUED

COMPARATIVE FACTOR	AUSTRALIA
Affordability criteria	Rent must not be more than 25 – 30% of income.
Regulation to ensure affordability	Depends on different state government requirements for maximum rents allowable, regulated through various funding programs and regulatory bodies.
Access to land	Depends on state – CHP (Community Housing Providers) can access land through purchase or long-term lease. CHP can redevelop existing land by agreement.
Financing and funding Models	Government funding through HAFF subject to regulation and eligibility criteria for community housing providers (Tier 1, 2 and 3).
National fund for financing affordable housing in perpetuity	Yes (Est. Nov 2023) Housing Australia Future Fund (HAFF) accessible for Tier 1, 2 and 3 Community Housing Providers.
Developers	Community non-profit housing providers, local and state government, CHP partnerships with private developers
Support	Australian Co-operative Housing Alliance (ACHA), Common Equities and independent housing co-operatives

In Australia, affordable rental housing co-operatives are part of social housing, offering housing for people who meet low-income and assets eligibility criteria on entry to the housing. They are further regulated as part of the community housing sector. As registered CHPs, Australian affordable rental housing co-operatives may receive grants to provide affordable housing. In Australia low-income households are assisted with the cost of renting through a Commonwealth Rent Assistance payment and many housing co-op members are eligible to receive this payment.



DENMARK/COPENHAGEN	AUSTRIA/VIENNA	SWITZERLAND/ZURICH
Rent set according to income; must not exceed 25% of income. For some tenants, rental assistance is possible	Rents are set at cost of development; maximum 80% of market rent	Rents are set at cost of development; substantially lower than market rent
Government regulation of maximum housing development costs/m2 for non-profit developers	Government regulates maximum development costs/m2 for Non- and Limited-Profit Developers (also for-profit developers if building subsidised housing)	Government regulation of maximum investment costs/m2 for non-profit developers.
Land purchased by housing association	Land owned by Wohnfonds_Wien leased or sold cheaper to limited-profit developers	Land only for lease, initially for 62 years then can be extended by 15 +15 years (example from City of Zurich)
Collaborative funding model, incl commercial loans, Municipal loans, National Housing Fund grants and tenant equity	Funding through Affordable Housing Tax, non- and limited-profit developer loans and tenant equity	Collaborative funding model, incl. commercial loans, loans from public sector, loans from co-op federation (Solidarity Fund) and tenant equity
Yes National Building Fund National Building Defects Fund	No Employees and employers pay 0.5% income tax towards affordable housing	Yes National Revolving Fund Coop Federation Solidarity Fund
Non-profit developers	Non- and limited-profit developers also some (but not many) for-profit developers	Non- limited-profit developers
Almene Boliger national and regional Federations (BL)	National and regional non- limited-profit housing federation (includes both housing co-operatives and associations) GBV	National and regional housing co-operative federations GWB-Schweiz





# THE DANISH AFFORDABLE RENTAL HOUSING SECTOR

ALMENE BOLIGER



# Characteristics and underlying principles

In Denmark the “Almene Boliger” sector is considered part of the social housing due to its focus on groups experiencing disadvantage in the housing market. It is important to note however, that the sector is not equivalent to Australian public housing, as the sector is developed and maintained through an independent funding structure and mechanism securing investments in perpetuity and outside government budgets.<sup>26</sup> Almene Boliger are mostly registered as associations rather than co-operatives, however their model of tenant democracy is unique in the European context, and similar to housing co-operatives, follow co-operative principles through a commitment to tenant democratic rights, and tenants’ participation in planning, implementation and running housing estates.

Almene Boliger has strong popular support. It is generally acknowledged that the Almene Boliger institution is a necessary and accepted contributor to wealth redistribution in Denmark. Through offering housing for all, it prevents social suffering, reduces inequality, promotes social mobility and dignity for the elderly, people living with disabilities and people on low or with no income.

**“The Almene Boliger is an institution that is very popular in Denmark**

Pernille Egelund-Johansen (KAB)

The Almene Boliger sector in Denmark is developed and supported by non-profit housing associations and non-profit housing developers/administrators. There are around 550 non-profit housing associations in Denmark, administering around 8,500 individual housing estates which are operated with strong tenant involvement in governance, operations and functions like rental co-operatives.<sup>27</sup> The sector’s national peak body, the Danish Federation of Almene Boliger (BL), has existed since 1919 when it was established by citizens wanting to gain influence over their housing.<sup>28</sup> The Copenhagen Affordable Housing Federation (KAB), established in 1913, is one of the largest administrators and operators of Almene Boliger in Denmark, operating in Copenhagen and surrounds. KAB supports 32 independent non-profit Housing Associations which own the properties. They are distributed across 460 estates, in 22 municipalities. Around 70,000 of the units are in Copenhagen.<sup>29</sup>

According to BL the Almene Boliger sector forms “part of Danish welfare and the stock varies from family and youth housing to housing for disabled people and the elderly, including nursing homes. The aim of the housing sector is legally defined as affordable and decent

housing for all in need hereof, and to give tenants a legal and decisive right to influence their own living conditions.”<sup>30</sup>

The target groups for The Almene Boliger sector seeks to provide “housing for all those in need of housing” – i.e. groups of people who have difficulties affording or entering private rental or private ownership housing. While Almene Boliger is for all people, including those without economic problems or issues, they house a larger share of single-income parents, young people and students, immigrants and immigrant families, older and disabled people than in other non-social rental housing.

Of Denmark’s 5.9 million people, 965,000 live in Almene Boliger housing. This represents about 20 per cent of the Danish housing stock, with one in every six Danes living in Almene Boliger. In addition, 53 per cent of the Danish housing market is in private ownership, five per cent in equity-based co-operatives, 20 per cent market rental and two per cent other types of housing. The average household size is 1.8 people, and 180 nationalities are represented in the Almene Boliger housing stock. The Almene Boliger sector houses a larger proportion of immigrants and descendants of immigrants (30 per cent) and single households (42 per cent) than in other types of housing stock (11.3 per cent and 20 per cent respectively).<sup>31 32</sup>

<sup>26</sup> Noring, L., Struthers, D., & Grydehøj, A. (2020). Governing and financing affordable housing at the intersection of the market and the state: Denmark’s private non-profit housing system. *Urban Research & Practice*, 15(2), 258–274. <https://doi.org/10.1080/17535069.2020.1798495>

<sup>27</sup> <https://bl.dk/danish-federation-of-non-profit-housing-providers/>

<sup>28</sup> From presentation by Pernille Egelund-Johansen, Copenhagen Non-Profit Housing Federation (KAB).

<sup>29</sup> From presentation by Pernille Egelund-Johansen, Copenhagen Non-Profit Housing Federation (KAB).

<sup>30</sup> Danish Federation of non-profit housing providers (BL) <https://bl.dk/danish-federation-of-non-profit-housing-providers>

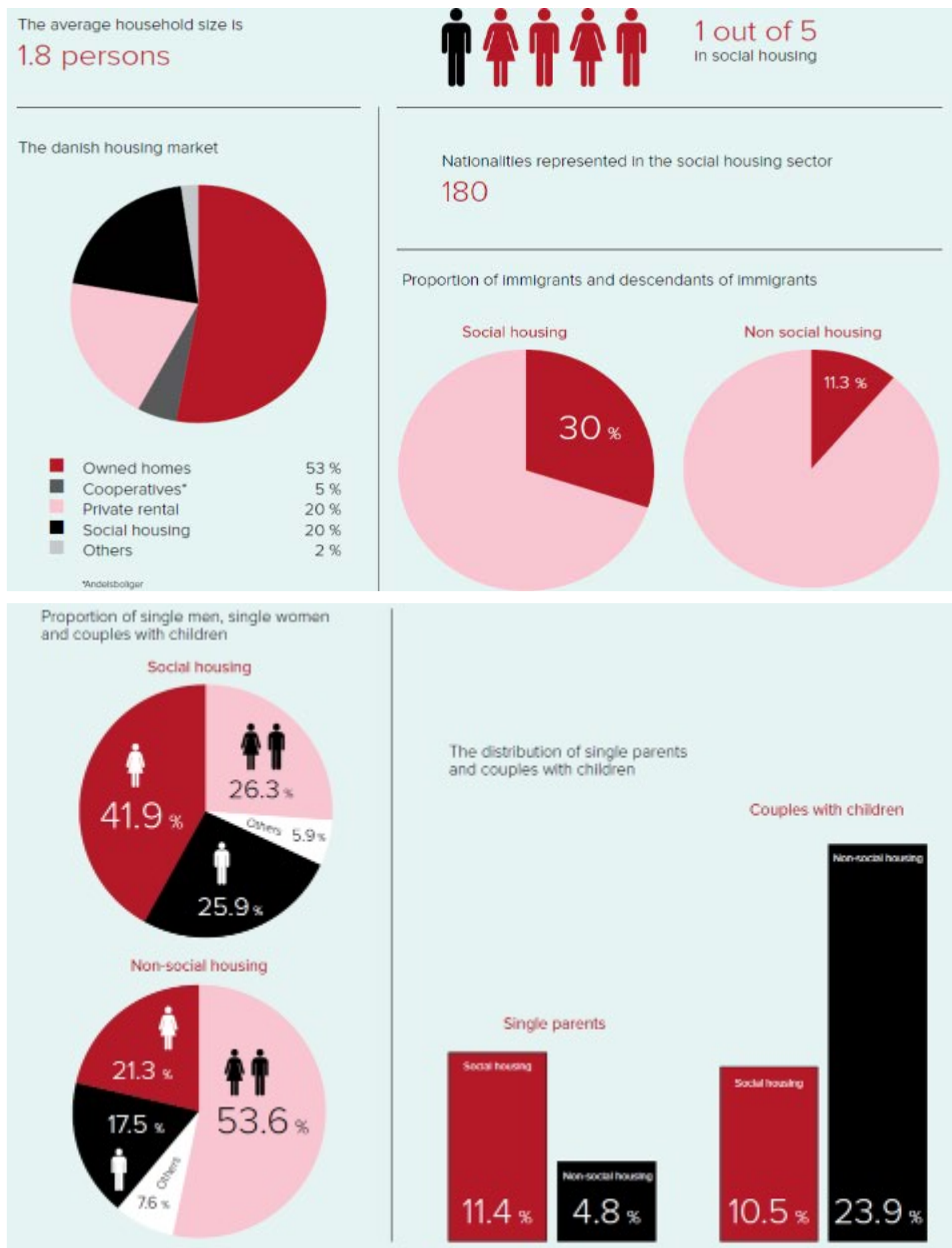
<sup>31</sup> <https://bl.dk/politik-og-analyser/fakta-og-tal/beboere>

<sup>32</sup> From presentation by Pernille Egelund-Johansen, Copenhagen Non-Profit Housing Federation (KAB)



FIGURES 4 & 5 – CHARACTERISTICS OF TENANTS IN DANISH ALMENE BOLIGER 2022 <sup>33 34</sup>

Note that Almene Boliger is called social housing in these figures.



The non-profit housing sector is committed to being financially, physically and socially sustainable, independent and well-functioning. The sector is strictly regulated on:

- how it is financed (see next page for separate section on funding);
- the size and quality of individual units – making sure they fit the need for decent quality housing, i.e. mostly smallish flats for the large majority singles and couples, and some for larger family households.
- the technical design and construction of units – committed to Sustainable Development Goals (SDGs), net-zero or carbon-positive construction and;
- mandatory election of tenant board, tenant participation and democratic decision-making.

In recent years the sector has committed to reducing the carbon footprint in new and when renovating old buildings. Developers are therefore experimenting with a wide array of sustainable designs and building materials, construction modes (e.g. modular housing) and energy-efficiency measures.

The municipal authorities have a responsibility to supervise the construction and management of the estates and have the right to allocate 25 per cent of the stock for emergency or other types of housing

for low- or no income tenants with special and urgent needs (DV, recent immigrants, refugees etc). On average only 10 – 15 per cent of units are used for municipal emergencies. The municipality thus has a strong interest in, and are actively involved in assessing where and how Almene Boliger estates are located to fit with urban plans to provide housing for the municipalities.<sup>35</sup> The municipality has supervision responsibility for the estates, to ensure they adhere to local planning regulations, and they also oversee the setting of rents;

Housing affordability is ensured by the following principles:

- Housing estates are developed by non-profit housing associations, omitting requirements for profit margins.
- Government set maximum building construction costs per m2 that non-profit housing associations must adhere to when constructing Almene Boliger. The current cap for a new build is 23,000DKr/m2 (equivalent to AUD\$5,000). Apartments are generally modest in size but good quality; most are 1–3 bedroom apartments; the average size of a youth flat is 40m2, average family flat is 80m2 and average senior flat is 67m2.<sup>36</sup>
- Rent in Almene Boliger is generally 10 – 15 per cent lower than in private rental. In addition, if tenants have no or low-income they can obtain direct rental

assistance from the municipality. As an example, in the Fredriksberg Housing Association, rent for 60m2 is 4,000DKR/month (AUD\$880), but pensioner or no-income tenants pay only half – i.e. 2000DKR/month (AUD\$440).<sup>37</sup>

- All tenants are required to pay a deposit to obtain a unit, which currently lies between 23,000 and 30,000DKR, equivalent to AUD\$5,000 – 6,500.<sup>38</sup>
- Other factors that contribute to affordability are architectural and technical innovations such as modular and cheaper construction methods and materials and reducing use of inbuilt fittings, seeking to encourage recycling of furniture instead.
- A collaborative funding model (public/private/tenant partnership), see next section 3.1.2.
- The service fee that housing association administrators/operators like KAB are allowed to charge is regulated to three per cent of rent collected.

<sup>33</sup> From presentation by Pernille Egelund-Johansen, Copenhagen Non-Profit Housing Federation (KAB).

<sup>34</sup> From presentation by Pernille Egelund-Johansen, Copenhagen Non-Profit Housing Federation (KAB).

<sup>35</sup> From presentation by Pernille Egelund-Johansen, Copenhagen Non-Profit Housing Federation (KAB)

<sup>36</sup> <https://bl.dk/politik-og-analyser/fakta-og-tal/boliger>

<sup>37</sup> From presentation by Laurits Røykum, Fredriksberg Non-Profit Housing Association

<sup>38</sup> From presentation by Laurits Røykum, Fredriksberg Non-Profit Housing Association

# Funding affordable rental housing at scale in Denmark

The Almene Boliger housing system has been developed over decades and now has an established source and system of financing affordable housing that is independent of state budget allocations and ensures funding for affordable housing in perpetuity. The multi-level system of financing and a decentralised and multi-levelled governance system is deemed to be the reason it has proven to be one of the most resilient systems in Europe.<sup>39</sup>

The funding model is distinguished by its long-term, collaborative and risk-sharing approach between commercial, government, non-profit association and tenant stakeholders. It is also highly regulated to maintain affordability, quality and a self-sustaining expansion and growth of the affordable housing sector. Two national funds have been established to ensure perpetual replenishment of funds for expansion, renovation and retrofitting of the affordable housing sector. Importantly, these secure funding for necessary building works independent of national budget allocations, with legislation restricting funds to only be used for the affordable housing sector. These two funds are:

## 1. The National Building Fund (Landsbyggefonden LB) –

established in 1967 and financed over time by tenant rents from social and affordable housing. This ensures funding for future renovation and other building works. There is strict regulation of use of the fund, which can only be used for new affordable housing constructions, renovations of older housing stock and retrofitting for older and disabled residents. The unique repayment structure (see next page) ensures a perpetual funding source for self-financing to expand and improve social housing.

## 2. The Danish Construction Defects Fund (Byggeskadefonden BSF) –

established in 1986 as a response to address substantial state liabilities towards low-income families left with substandard housing that was originally poorly constructed. Its current purpose is to oversee and ensure good housing quality in new developments and reduce defects. It is replenished through a one per cent levy on costs of all new constructions of affordable social housing. Since its inception the institution has led to a more than 90 per cent reduction in defects.<sup>40 41</sup>

Due to the now substantial resources accumulated in the National Building Fund and the Danish Construction Defects Fund, the sector is largely self-financed, accompanied with state guarantees for loans to Almene Boliger. A sophisticated system of risk sharing ensures access to commercial loans.

The Almene Boliger sector has developed a collaborative and mixed funding system comprising commercial, municipal and tenant funds. New Almene Boliger housing developments are funded by the following mix as shown below.



<sup>39</sup> Blackwell, T., & Bengtsson, B. (2021). The resilience of social rental housing in the United Kingdom, Sweden and Denmark. How institutions matter. *Housing Studies*, 38(2), 269–289. <https://doi.org/10.1080/02673037.2021.1879996>

<sup>40</sup> Presentation by Flemming Pedersen, NyKredit

<sup>41</sup> <https://bl.dk/om-bl/om-almene-boliger/>



TABLE 2 – COLLABORATIVE FUNDING MODEL FOR AFFORDABLE HOUSING IN DENMARK

COLLABORATIVE FUNDING AND RISK-SHARING MODEL		
Type of funding	Funding source	Percentage (%)
Debt finance	Commercial loans (from e.g. Nykredit at market rate)	88%
Zero interest loans	Municipal loans	10%
Equity	Tenant contribution	2%

There are substantial risk-sharing arrangements in place to enable commercial/mutual banks enough security to provide sizeable loans to the affordable housing sector development. The state provides subsidies equivalent to the difference between the share of the loan payment that tenants must cover and the actual loan payment. The state guarantees 100 per cent of all subsidised loans for affordable housing. This guarantee is supported by a municipal counter guarantee.

Tenants are by law obliged to contribute two per cent of the costs of the building. When they move out, the two per cent equity is generally returned to them. Given that the housing associations are tax-exempt and receive a public guarantee on their mortgages, they are recipients of some indirect state subsidies.





# How mutual banks contribute to affordable housing in Denmark

Example of Nykredit – Denmark's largest<sup>42</sup>

Nykredit is Denmark's largest mutual bank. It is committed to funding affordable housing for ordinary people, seeing investing in this sector as an important contribution to secure social cohesion.



**Nykredit**



Decent housing for all improves the individual's quality of life and their ability to contribute to society. Investing in construction and renovation of affordable housing creates employment for large numbers of workers in green transition jobs and contributes to skills development. Nykredit funds 40 per cent of the Danish affordable housing sector.

Nykredit are seen as important stakeholders in Denmark's green transition and has joined the Net Zero Banking Alliance<sup>43</sup> and the Science Based Targets initiative.<sup>44</sup> It has also committed to net-zero climate targets by 2050. An important objective for Nykredit is to support greener owner-occupied dwellings and greener real estate through funding renovations of older affordable housing stock. Renovations, such as reducing fossil

fuel-based heating, leads to 30 – 40 per cent energy improvements, better economy for the housing associations and lower energy costs and better indoor air quality for the individual tenants. Funding green renovations and innovative designs of affordable housing and green real estate are an important part of Nykredit's business, which they see as an important contributor to developing Danish green industry solutions, a sought-after export.

While profitability is lower when funding the affordable housing sector, Nykredit's substantial involvement is commercially viable through the risk-sharing and mixed funding structure that has been instituted through multiple stakeholder involvement and mutuality.<sup>45</sup>

Danish mortgage banks are subject to tight legislation and are only

allowed to grant mortgage loans that are funded by bonds. In addition, Danish covered bonds are subject to the EU Covered Bond Directive.<sup>46</sup> The bonds ensure a direct match between the loan with the mortgage institute and the bonds that the mortgage institute issues to fund the loan.

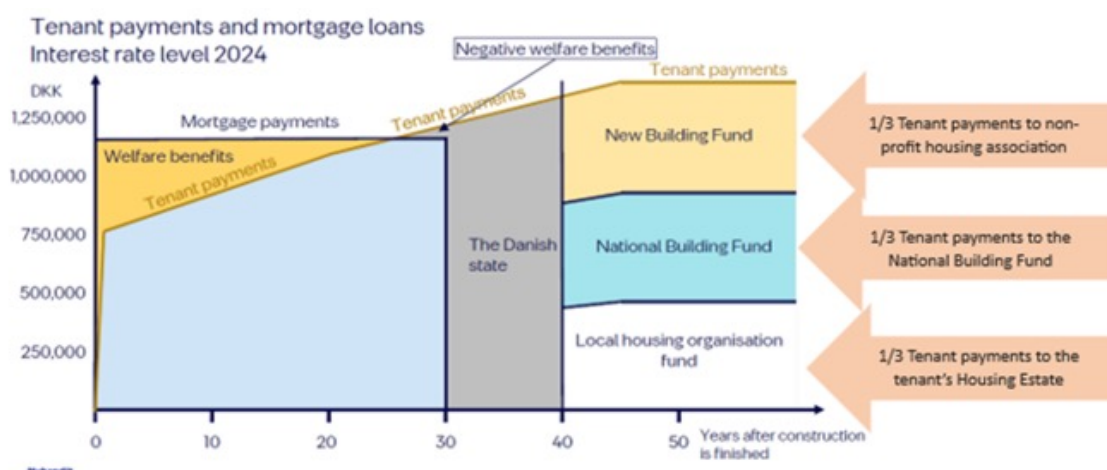
Regulation imposing strict limits on risk taking along with the matching system of bonds, effectively limits both liquidity and market risk. There has been no loss to bond investors in the two hundred years this system has been operating. For the not-for-profit housing providers, the government guarantees the mortgage loan, making non-profit housing a very safe and attractive loan borrower.<sup>47</sup> This mutual, multi-stakeholder financial ecosystem delivers a stable environment for a thriving affordable housing sector.

## Unique repayment system

The unique repayment system ensures perpetual funding for future necessary renovations, energy-efficiency works, retrofitting for an ageing population and expansion of the sector.

Once tenant rents have repaid commercial and municipal loans (after 30 years), the State receives 10 years' tenant rent repayment, and finally from 40 years onwards tenant rents are split to contribute a third to the non-profit housing association, third to the National Building Fund and last third to the housing estate the tenant belongs to.

FIGURE 6 – MODEL OF REPAYMENT OF MORTGAGES AND LOANS FOR AFFORDABLE HOUSING OVER 50+ YEARS



<sup>42</sup> Based on presentations by Flemming Pedersen and Morten Baekmand Nilsen NyKredit.

<sup>43</sup> <https://www.unepfi.org/net-zero-banking/>

<sup>44</sup> Based on presentations by Flemming Pedersen and Morten Baekmand Nilsen NyKredit

<sup>45</sup> Presentations by Flemming Pedersen and Morten Baekmand Nilsen, NyKredit

<sup>46</sup> <https://www.nykredit.com/en-gb/investor-relations/regulation/regulation-of-danish-covered-bonds/>

<sup>47</sup> <https://hypo.org/ecbc/publication-news/danish-non-profit-social-housing-mortgage-institutes-common-stand-future-financial-regulation/>



# Supporting institutions and tenant participation

## Enabling laws and access to land

The housing associations own the title to the land and the buildings. In addition, there are strict building codes that determine the maximum development cost/m<sup>2</sup>. They also require future proofing of new buildings and retrofitting of older buildings with concern to environmental impact, targeting net-zero carbon housing and social impacts such as ageing in place and developing common spaces and outdoor living areas for the community.

## Enabling tenant democracy and active participation

A housing association can be in charge of one to up to a few hundred housing estates. The Almene Boliger are committed to tenant democracy, and that tenants are active in decision-making around new developments, the management and renovation of their housing, while caring for both the

environment and the people living in the buildings. To support this the Almene Boliger housing sector is organised and supported by a two-tiered organisational structure. At the core is the tenant (member resident), who rents an affordable apartment or house in a housing estate. Tenants elect their representatives to the housing estate board.

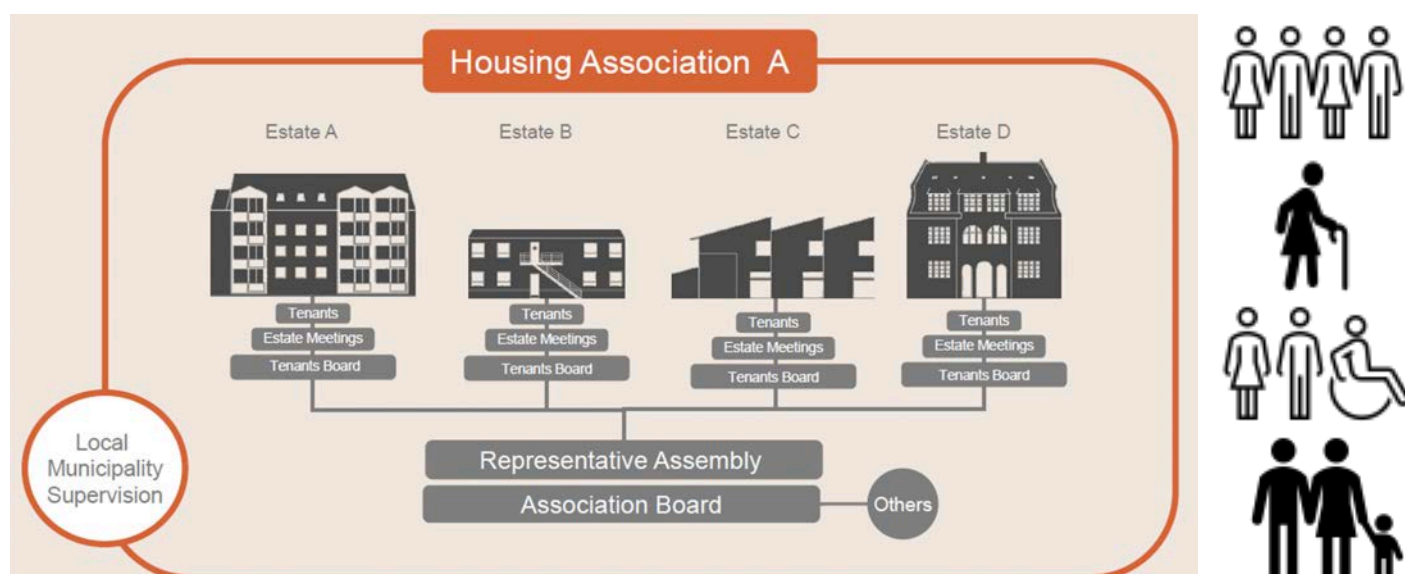
Each housing association has an elected board comprising tenants from the estates. Each housing estate has an elected board of tenants, which makes decisions around setting of rents, renovation and maintenance, pets, budgets and outdoor areas. Importantly, each housing estate is financially independent from the other estates. Each estate contributes to a common fund (solidarity fund) which can be used to cover rental losses between estates. The tenant estate board has the right to refuse substantial renovations if tenants do not want or cannot afford rent increases. According to KAB, this is rare, and major renovation projects have only been rejected 10 – 15 times in the last 10 years.

The housing association is responsible for administration and legally represents each housing

estate. The housing association's board makes decisions regarding development of new estates, strategy and the hiring of an estate manager. In some cases, the housing association can provide subsidies for specific projects in individual estates.

The housing association can be either self-governed/administered or they can decide to recruit a housing administration company (like KAB) to perform some or all services. The housing association may also change housing administration provider if they are not satisfied with services provided to them. Smaller housing estates may choose to handle their own administration without contracting a housing administration company. Depending on the level of self-governance, the tenant board can take part in the details around everything from rent-setting to long-term strategic renovation and expansion of the sector – ensuring that tenant voice is heard in both day-to-day management and future developments.

FIGURE 7 – TENANT DEMOCRACY IN ALMENE BOLIGER DENMARK <sup>49</sup>



Tenants from mixed backgrounds are actively involved in making decisions around their homes and common areas as well as in strategic decision and housing policy

The housing associations and estate boards are committed to providing employment and apprenticeships in new construction and/or renovation/retrofitting. They hire local residents as estate maintenance people to support members into paid jobs, and to encourage them to advance their situation.

Tenant democratic governance participation is often undertaken without compensation, even though tenant board duties are eligible for a strictly regulated and minor monetary compensation.

An example is the Chair Lauritz Roykum of the Fredriksberg Housing Association of 3,400 units being eligible for annual remuneration of 23,000 DKR (AUD\$5,000)/year, however, he has thus far opted not to be paid.

**“The buildings are only the hardware, what is inside is the software. We are building HOMES for people.”**

Laurits Røykum

The non-profit housing association is free to decide whether they recruit a management organisation or service providers to support their management and development of

housing estates. The Copenhagen Almene Boliger (KAB) is a management service provider, employed by different housing associations and can be terminated if the associations are not satisfied with their services. The relationship between KAB and the housing associations therefore needs to be developed through trust and active relationship building. Of the tenant rent collected, three per cent service fee is paid to KAB for administration services and expert advice. KAB also provides advice and management support on new developments if a housing association wants to expand or renovate buildings.

Right: Laurits Røykum, Chairperson of Fredriksberg Almene Boliger, overlooking the more than 3,000 units that form part of the association.

Below: Laurits with Melina Morrison, Liz Thomas, Emily Taylor and Donald Proctor.







# THE AUSTRIAN AFFORDABLE RENTAL HOUSING SECTOR

THE VIENNA MODEL



# Characteristics and underlying principles

Austria and especially the City of Vienna has a hundred-year history of providing affordable housing to its residents. Before WWII it was initiated by grassroots movements who established community-initiated co-operatives formed by members with similar values. After WWII, especially in Vienna construction of subsidised housing continued on a large scale with municipal/public housing, while co-operative housing was initiated top-down in a state-run mode. Vienna has always had most of its population as tenants. Despite limited-profit developers having a substantial role in housing development in Vienna, there has been a liberalisation since the mid-90s with development opening for market-based and for-profit developers, liberalisation of the housing law and introduction of design competitions for large, subsidised housing projects. As a result, the last 15 years has seen more commercial for-profit and less limited-profit development. Vienna's innovative and social urban planning and design has seen a growth in public-private partnership, considered one of Europe's best-practice models on how to go beyond purely market-led housing provision.<sup>50</sup>

With two million inhabitants, Vienna is a fast-growing metropolis and has been praised and awarded multiple

times for its liveability, including an innovative social housing policy making it the most equitable and affordable city in Europe. Access to affordable housing is one of the most important factors that underlies the liveability.<sup>51 52</sup>

The Executive City Councillor for Housing, Housing Construction, Urban Renewal and Women's Issues of the City of Vienna, Kathrin Gaál, states that:

**“Unlike other cities, Vienna does not leave rents and land prices solely to the free market. On the contrary: housing is viewed as a public task and part of the services of general interest.**

**For more than a century, Vienna has accorded political priority to the provision of affordable housing.**

**The high share of subsidised dwellings exerts a price-dampening effect on the private housing market and safeguards a good social mix throughout the city.**

**Typically, in Vienna a person's income cannot be gleaned from his or her home address – a fact we are proud of.”**

Compared to the rest of Austria, Vienna has a very high level of tenancy at 76 per cent and more than 50 per cent of the Viennese population live in subsidised housing. Unlike other major cities, Vienna never sold their public housing, rather they expanded this sector. Public housing estates now amount to around 220,000 units, and the limited-profit housing sector accounts for around 200,000 units. In total, 43 per cent of the housing stock in Vienna is defined as affordable. Of this, co-operative units (co-operative or limited-profit developers) account for 21 per cent of total housing stock (see figure on the next page).<sup>53</sup>

<sup>50</sup> Lang, R., & Novy, A. (2013). Cooperative Housing and Social Cohesion: The Role of Linking Social Capital. *European Planning Studies*, 22(8), 1744–1764. <https://doi.org/10.1080/09654313.2013.800025>

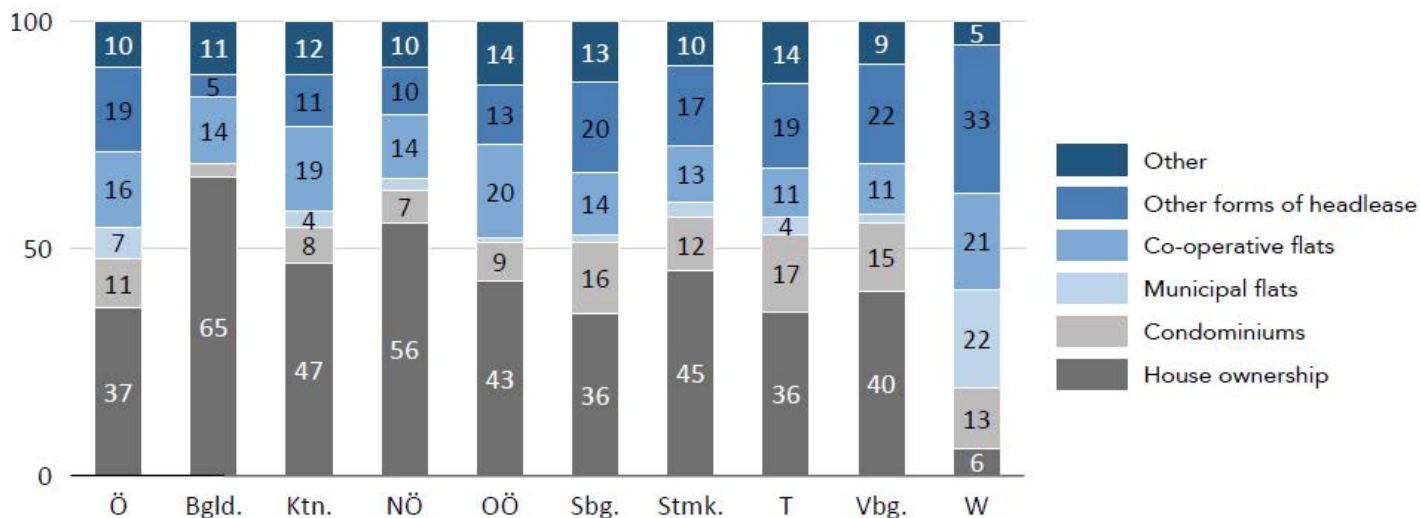
<sup>51</sup> ABC Radio National (2023) – Vienna has created an equitable and affordable housing market. Here's how <https://www.abc.net.au/news/2023-08-04/vienna-s-social-housing-and-low-rent-strategy/102639674>. Friday 4 August 2023

<sup>52</sup> ABC Podcast (2023) – Vienna's housing strategy – How this city became one of the most equitable and affordable in Europe. *Rear Vision*. Sunday 16 July 2023, <https://www.abc.net.au/listen/programs/rearvision/rear-vision/102525750>

<sup>53</sup> City of Vienna (2022) The Vienna model of social housing – A success story. City of Vienna-Wiener Wohnen, August 2022, Vienna, Austria

FIGURE 8 - DISTRIBUTION OF HOUSING TYPES IN AUSTRIAN PROVINCES. W = VIENNA O = AUSTRIA 2021. STATISTICS AUSTRIA.

## Legal classification of primary residences by federal province



Source: Statistics Austria, Microcensus 2021. Municipal flats: increased variations for Burgenland and Vorarlberg.

The City of Vienna's current overarching pillars in the housing policy:<sup>54</sup>

- Create stable legal frameworks to strengthen housing for the common good.
- Commit to long-term planning and reliable financing models (revolving systems, reinvesting surpluses into new construction and renovation).
- Meet people's housing needs by ensuring inclusive participation, security of tenure and protection of tenants.
- Aim at a social mix in housing to prevent social and territorial segregation.

The criteria for accessing social and affordable housing are that you have had two years of primary residency in Vienna, are an Austrian or citizen of EU, recognised refugee, below a maximum income limit and that you are over 18 years old when signing tenancy (but can apply when 17 years old). Priority is further given to reducing overcrowding and for young people.<sup>55</sup> Research shows that limited-profit housing is the tenure of choice for both low- and middle-income households, due to the income limit set quite high (70th – 80th percentile), making 75 per cent of Viennese eligible. Flats are offered as permanent tenancies and at affordable prices in perpetuity.

Tenants also have the right to pass their lease to their next generation. The housing is high quality and mostly rented out unfurnished. Tenants' rights are protected by tenant law. Social mix is ensured by default due to limited-profit housing associations construction happening at cost price in all suburbs. In this way Limited Profit Housing Associations are shaping the housing market in ways that contribute to meeting national priorities around equity and social cohesion.<sup>56</sup>

<sup>54</sup> From presentation by Veronika Iwanowski (2024) The Vienna Model of Affordable Housing. City of Vienna, Wienerwohnen.at Socialhousing.wien

<sup>55</sup> From presentation by Veronika Iwanowski (2024) The Vienna Model of Affordable Housing. City of Vienna, Wienerwohnen.at. Socialhousing.wien

<sup>56</sup> Presentation by Goessl, G., Gutheil, G., and Riessland, B. (2024) Limited-Profit Housing in Austria and Vienna. The Austrian Federation of Limited Profit Housing



## Funding an affordable housing co-operative sector at scale

Affordability of the Austrian Non/Limited Profit Housing Associations' (LPHA) sector is ensured through:

- Tax breaks and subsidies awarded to limited-profit developers in return for high-quality and affordable housing.
- More subsidies to limited-profit developers, rather than short-term rental assistance to individuals, as (LPHA) developers are obliged to reinvest their profit into new affordable housing projects.
- Two-tier auditing system reporting to LPHA board and regulatory authority.

Additionally, in Vienna there is:

- access to cheaper land through Wohnfonds\_Wien
- a specific planning zone for affordable housing

Of these, the key ingredient in Vienna's affordable housing strategy is access to affordable land. This is legislated through policy instruments that ensure access to affordable land

for social housing construction and to counter speculation.

In 1984 a dedicated land purchasing agency was established: Wohnfonds\_Wien, which has a dual purpose; to acquire land for social housing construction and to manage funds for refurbishment. It currently holds considerable tracts of brownfield and agricultural land that can be used for social housing, and due to long-term planning horizons, it is able to buy these at an affordable price (thus taking them out of market speculation).

In addition, in November 2018, the City of Vienna amended its building code and introduced a specific zoning category for "Subsidised Housing". The subsidised housing zones are most often used when reclassifying industrial or commercial land for housing or in projects seeking to increase density of housing, in residential or high-rise developments. As a rule, it only applies to plots that increase housing space by more than 5,000m<sup>2</sup>. When an area is classified for "Subsidised Housing," two thirds

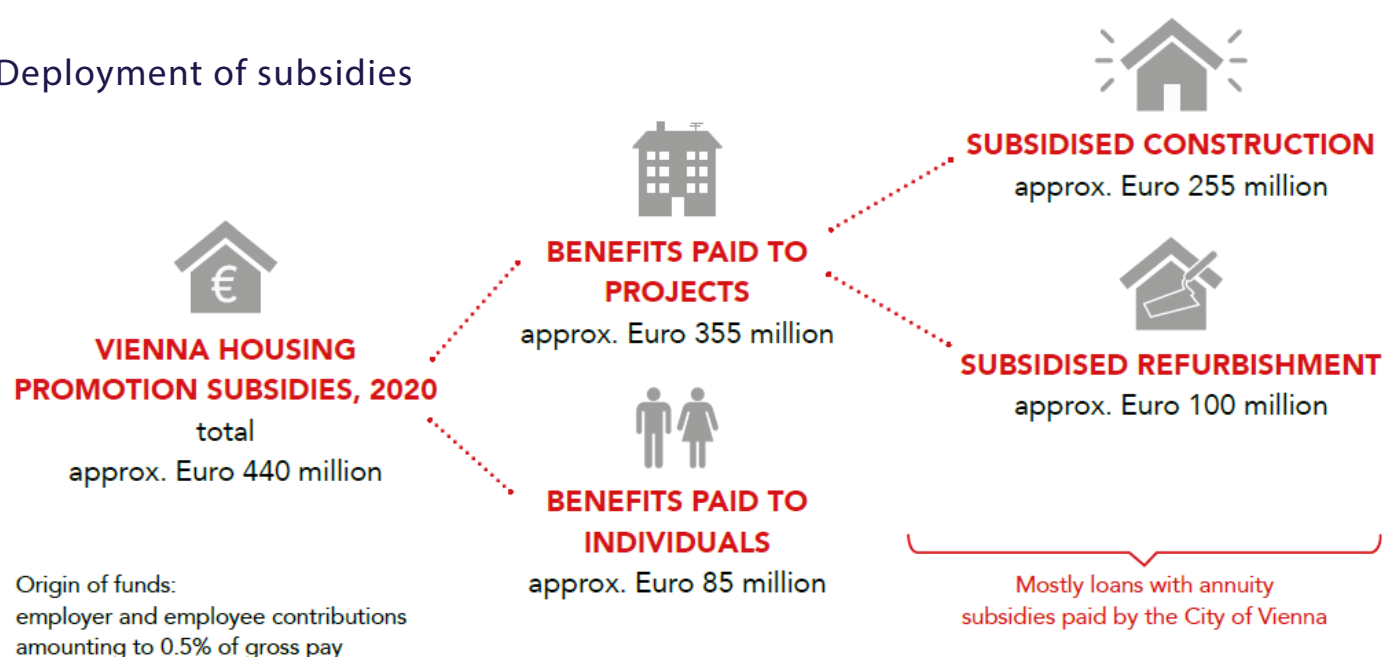
of the usable floorspace created for housing purposes must be offered as subsidised dwellings in return for a legislated limit on the land price. This caps rents and safeguards that affordable dwellings will continue to be constructed across the entire city; in its turn, this ensures the desired good social mix all over Vienna.

Subsidies are provided to non- and limited profit developers in the form of reduced capital costs. In addition, they can come as direct rental assistance to individuals with insufficient incomes to pay even capped rents. Importantly, however, most subsidies are channelled through non- or limited profit developers of social housing - ensuring a continuous construction of housing and also government influence over where, how and what is being built. All flats offered in the LPHA sector must be offered at "at cost" rents.



FIGURE 9 – USE OF SUBSIDIES FOR AFFORDABLE HOUSING IN THE CITY OF VIENNA<sup>57</sup>

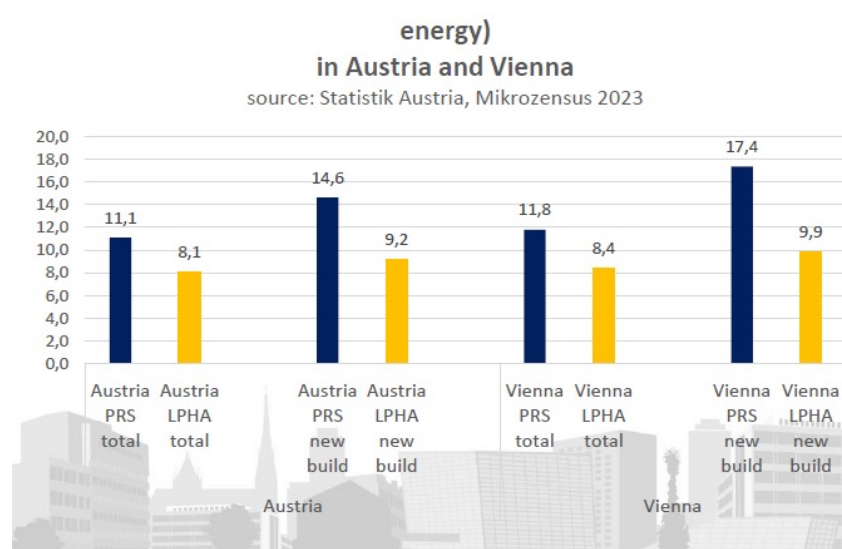
## Deployment of subsidies



This model has proved to be a remarkably stable and resilient social housing model.<sup>58</sup> There is a substantial impact on tenant's rents, with rents being between 27 and 43 per cent lower than in for-profit rental based on m2/prices.

FIGURE 10 – FOR-PROFIT VERSUS LIMITED-PROFIT RENTS PER SQUARE METER IN AUSTRIA AND VIENNA.<sup>59</sup>

## For-profit vs limited-profit rents



LPHA rents significantly  
below PRS rents:

Austria total: -27%  
Austria new build: -37%

Vienna total: -29%  
Vienna new build: -43%

<sup>57</sup> City of Vienna (2022) The Vienna model of social housing - A success story. City of Vienna - Wiener Wohnen, August 2022, Vienna, Austria. Socialhousing.wien Approval to use figure provided by Veronika Iwanowski.

<sup>58</sup> Kadi, J., & Lilius, J. (2022). The remarkable stability of social housing in Vienna and Helsinki: a multi-dimensional analysis. Housing Studies, 39(7), 1607–1631. <https://doi.org/10.1080/02673037.2022.2135170>

<sup>59</sup> Presentation by Goessl, G., Gutheil, G., and Riessland, B. (2024) Limited-Profit Housing in Austria and Vienna. The Austrian Federation of Limited Profit Housing

The Austrian Institute of Economic Research has shown that the direct effect of cheaper housing contributes savings for the average household totalling 1.2 billion Euro, which is instead used for private consumption (which increases tax income through VAT) or other household investment into advancing wellbeing or income. It also reduces state spending on rental assistance. Indirect effects comprise a price-dampening impact on the for-profit rental market; indicating that a 10 per cent increase in limited profit market share reduces for-profit rents by 30 – 40 cents /m<sup>2</sup>.<sup>60</sup>

In Austria funding of social housing development and renovation is

secured through a fixed share of income tax, set by federal law at 0.5 per cent of gross income of employers and employees. This accounts for more than half the annual subsidies needed and ensures a reliable and annual income stream that funds the continued construction, renovation and subsidisation of social housing.<sup>61</sup> Despite these substantial and legislated housing subsidies, Austria's public expenditure on housing is low (115 Euro/capita/year) compared to average for EU (155 Euro/capita/year), UK (427 Euro/capita/year) or Sweden (225 Euro/capita/year).<sup>62</sup> Recent changes in legislation have led to a softening of the requirement to use

this housing tax uniquely for social housing.<sup>63</sup> In addition to subsidies comes a "package" of funding input; below is an example of funding sources for new limited-profit housing developments. Bank loans are normally repayable between 25 – 35 years, at 3 – 4 per cent interest. Public loans are repayable at 35 years at one per cent interest. LPHA equity is repayable at 50 years and maximum 3.5 per cent interest. Public loans come with strict criteria: maximum net rent per m<sup>2</sup> (~5 Euro/m<sup>2</sup> depending on scheme); energy efficiency; maximum income eligibility criteria; and the home must be main residence (i.e., cannot be used for subletting).

TABLE 3 – COLLABORATIVE FUNDING MODEL FOR AFFORDABLE HOUSING IN VIENNA.

COLLABORATIVE AND RISK-SHARING FUNDING MODEL		
Type of funding	Funding source	Percentage (%)
Debt finance	Commercial loans	35%
Low-interest loans	Public loans from regional governments/ City of Vienna	31%
Grant	Construction grants for specific quality – such as energy efficiency	2%
Equity	Equity of limited-profit housing developer	25%
Equity	Tenant equity contribution – this is as down-payments at the beginning of tenancy (paid back at end of tenancy)	7%
	TOTAL	100%

<sup>60</sup> Presentation by Goessl, G., Gutheil, G., and Riessland, B. (2024) Limited-Profit Housing in Austria and Vienna. The Austrian Federation of Limited Profit Housing

<sup>61</sup> City of Vienna (2022) The Vienna model of social housing - A success story. City of Vienna - Wiener Wohnen, August 2022, Vienna, Austria. Socialhousing.wien

<sup>62</sup> Presentation by Goessl, G., Gutheil, G., and Riessland, B. (2024) Limited-Profit Housing in Austria and Vienna. The Austrian Federation of Limited Profit Housing

<sup>63</sup> Input from Robert Temel, City Scientist and on the Land Advisory Board of Vienna.



### Legislation of subsidies

The legislation for subsidies to non- and limited-profit developers is enacted in Vienna's provincial legislation, which describes the structure and levels of subsidies for the promotion of affordable housing construction and rehabilitation and the granting of individual housing allowances (Vienna Housing Promotion and Housing Rehabilitation Act – WWFSG 1989).

The regulations and limitations governing non-profit developers are embodied in the federal Non-Profit Housing Act. These developers are exempt from corporate tax, in return for constructing affordable housing at cost coverage rent.

According to this Act, non-profit developers are obliged to only charge rents to cover costs, not to gain profit. So only costs related to land (often subsidised by

Wohnfonds), construction and finance can be included in the rent. In addition, a percentage of rents is corralled in reserve for repairs and long-term maintenance. Limited-profit developers may acquire limited profit, however this must be reinvested for construction of social housing.





# Supporting institutions and tenant participation

There are 182 limited-profit Housing Associations in Austria, of which 97 are co-operatives and 85 are limited liability companies, of these 58 administer around 200,000 flats in Vienna. While the co-operative buildings are owned by their members, housing offered by the limited liability companies can be owned by both public (central/local government and public companies), private (insurance companies, banks and other private companies) and civic/charitable organisations (religious organisations, trade unions, political parties, foundations and associations).<sup>64</sup> This ensures that affordable housing is found throughout the city in every suburb.

The limited-profit developers differ from commercial developers not only because their motivation is not to maximise profits – they also follow long-term goals of conserving their building stock and are highly customer-oriented.

The 220,000-unit public/municipal housing sector in Vienna is low threshold, meaning that there is no deposit or equity needed, with rental agreements open ended and no commission or rental fee allowed. Waiting lists for municipal flats are around 18 months.

Wohnpartner was specifically established in 2011 to work alongside tenants to activate neighbourhoods and community activities, and to support residents through counselling, conflict resolution and networking. In addition, tenants are organised in Tenants' Advisory Committees that ensure "tenant

voice" is included in consideration of all matters related to housing environment, administration and tenancy law.

Wohnpartner has established resident centres to support community and neighbourhood activities with free meeting and assembly spaces. While activities are initiated by Wohnpartner, thereafter activities are primarily run by volunteers living in the area. There are six resident centres across Vienna / Austria with Wohnpartner instigating initial activities (language training, cooking classes, gardening, women's cafe etc) which volunteers then take over.

There is a strong focus on avoiding eviction of tenants from co-operative and limited-profit housing, and each threat of eviction is handled by case management best practice. Avoiding eviction is a win for all – for the tenant, as it avoids distress and negative impacts on the tenant, and for the municipality in savings, as every eviction costs 10,000 Euro in legal costs. And, as a matter of principle, municipal housing is cheaper than operating homeless shelters. Tenants can access free counselling services if they have issues related to rents or legal concerns.

To ensure innovation and good quality of subsidised and affordable housing, developer competitions are mandatory for housing developments over 500 subsidised units. For smaller projects, a Land Advisory Board, which is part of Wohnfonds\_Wien, evaluates the

proposal. Land for the developers' competitions is either owned by Wohnfonds\_Wien or by larger co-operation partners like the Austrian Railway Company. Land for projects that are evaluated by the Land Advisory Board generally comes from the market, i.e., the limited-profit developer (or whoever) owns it already or buys it on the market.

An interdisciplinary jury selects the winning team based on four criteria: economy (cost), social sustainability, architecture and ecology/environmental concerns. The developer is afforded the land for development at a fixed price, and is required to guarantee certain planning qualities, fixed construction costs and stable rent levels for the tenants.

The competitions can also have overall targeted themes linked to specific groups of people (disability, single parents etc), urban development features or communal spaces. In recent times a specific focus has also been on ecological aspects, urban mobility and sports, and on gender mainstreaming of urban environments.

Since 2021 a new institution, The Quality Advisory Board, is seeking to ensure and safeguard the quality of subsidised housing construction and to ensure co-ordinated neighbourhood development for selected large-scale urban development projects with the aim of achieving a harmonious balance between subsidised and privately financed housing projects.<sup>65</sup>

<sup>64</sup> Presentation by Goessl, G., Gutheil, G., and Riessland, B. (2024) Limited-Profit Housing in Austria and Vienna. The Austrian Federation of Limited Profit Housing

<sup>65</sup> City of Vienna (2022) The Vienna model of social housing - A success story. City of Vienna - Wiener Wohnen, August 2022, Vienna, Austria. Socialhousing.wien





# THE SWISS AFFORDABLE RENTAL HOUSING SECTOR

## THE ZURICH MODEL



# Characteristics and underlying principles

Switzerland has a long tradition of co-operative housing, with the first housing co-operatives emerging in 1892. They rose out of the labour movement to provide decent housing for workers. Between 1960 and 1990 Zurich experienced depopulation and decline, with the loss of 40,000 jobs and 80,000 inhabitants, and 500,000m<sup>2</sup> office spaces vacant, leading to loss of taxable income and tax revenue, and concentration of low socio-economic households. The current expansion of housing co-operatives in Zurich emerged out of the financial crisis in the 1990s, and was a measure to counter this downward spiral, and was part of a process of re-urbanisation to attract younger people and industry. An important part of this strategy was to offer affordable rental housing, due to Zurich being one of Europe's most expensive cities with home ownership out of reach for low- and middle-income households. Through a change of building and zoning codes, abandoned office space and brownfield areas could now be used for new affordable housing developments. From 2000, the re-urbanisation of Zurich has led to an economic upturn, increased demand for apartments and office spaces, and new construction activity, with Zurich now rated as having a high quality of life.

The promotion of affordable housing is by constitutional mandate, with the constitution including the following clause: "In addition to personal responsibility and private

initiative, the Confederation and the cantons shall endeavour to ensure that those seeking housing can find suitable accommodation for themselves and their families under acceptable conditions" (Art. 41 of the Federal Constitution).<sup>66</sup>

In 2002 the umbrella organisations for non-profit housing signed a "Charter for non-profit housing providers", which set out the ground-rules and policies to be followed for non-profit housing development to ensure that priority is given to providing affordable, good-quality sustainable housing, with the rights of tenant participation and self-determination, and integration of disadvantaged households. The commitment to affordable housing was confirmed with the adoption of the Federal Housing Act in 2003.

Based on the principles of the Charter for non-profit housing providers, Cooperative Housing Switzerland offers affordable rental co-operative housing without income restrictions. While initially these apartments were dedicated to low-income households, there is currently no income cap on access. So, flats are also offered to middle-income families, but the rule is that the dwelling must be their residential home. Despite the lack of income-restrictions, these flats are still in the majority occupied by low income families, single households, older people, students and people living with disabilities.

The intense building activity in the affordable housing space has also led

to considerable innovation to offer potential tenants a diverse range of housing types: co-housing, common housing, collaborative retirement, building groups (Baugruppen) and co-living are all provided under the legal form of affordable co-operative housing.<sup>67</sup>

In recent years, the share of non-profit housing construction in Switzerland has declined, which may be due to less public or affordable land available for building, less housing rental assistance and higher construction activity in market-based residential properties. These factors reduce the percentage share of co-operative construction of the total construction activity.<sup>68</sup>

In Switzerland, the main tenure is rental, with more than 61 per cent of homes being rented dwellings. This is especially high in Zurich, a high-cost city, with 90 per cent of the population renting.<sup>69</sup> Of this, non-profit rental housing equates to around 25 per cent of total housing stock, with almost 18 per cent being housing co-operatives and 7 per cent owned by City of Zurich Housing Foundations.<sup>70</sup>

Housing Cooperatives Switzerland (WBG Schweiz) is the peak body for non-profit housing developers in Switzerland. It has 10 regional associations. In total it has 1,275 members (non-profit housing developers: housing co-operatives, foundations, etc) which manage/support 171,400 apartments.<sup>71</sup> The Zurich Regional Federation (WBG Zurich) comprises 260 member

<sup>66</sup> City of Vienna (2022) The Vienna model of social housing - A success story. City of Vienna - Wiener Wohnen, August 2022, Vienna, Austria. Socialhousing.wien

<sup>67</sup> Presentation by Rebecca Omeregíe, Vice Director (2024) About the Swiss Federation of non-profit housing developers (GBW)

<sup>68</sup> Presentation by Richard Heim (2024) Retired Planning Officer, City of Zurich

<sup>69</sup> Presentation by Rebecca Omeregíe, Vice Director (2024) On Swiss Federation of non-profit housing developers (GBW)

<sup>70</sup> Presentation by Stefan Schneider (2024) Zurich Regional Association of the Swiss Housing Cooperatives

<sup>71</sup> Presentation by Rebecca Omeregíe, Vice Director (2024) On Swiss Federation of non-profit housing developers (GBW)



co-operatives, foundations and non-profit public limited companies, with over 70,000 flats between them.

The City of Zurich affordable housing initiative was founded on three principles: housing as a fundamental right; housing as a social goal; and housing as a public task. The co-operative housing model was identified as useful in actioning these principles as it removes properties from market speculation through non-profit development, and thereby was an important driver for the re-urbanisation and re-invigoration of

the Zurich economy.

In 2011 the citizens of the City of Zurich voted for a policy that one third of rental apartments in the city should be affordable (i.e., at-cost rent) by 2050. To this end the city is buying land to reach this goal. In 2022/23 an Urban Housing Fund was approved. Housing co-operatives are seen as important neighbourhood activators and especially beneficial when developers are replacing/demolishing older buildings with new estates in central city locations.

The housing policies have been

followed up at federal and canton (Regional State in Switzerland) level with changes to the planning laws designed to increase inner-city density through renewal by removing old buildings (inward settlement development) and also setting requirements for a minimum proportion of affordable apartments when rezoning or upzoning areas for housing.



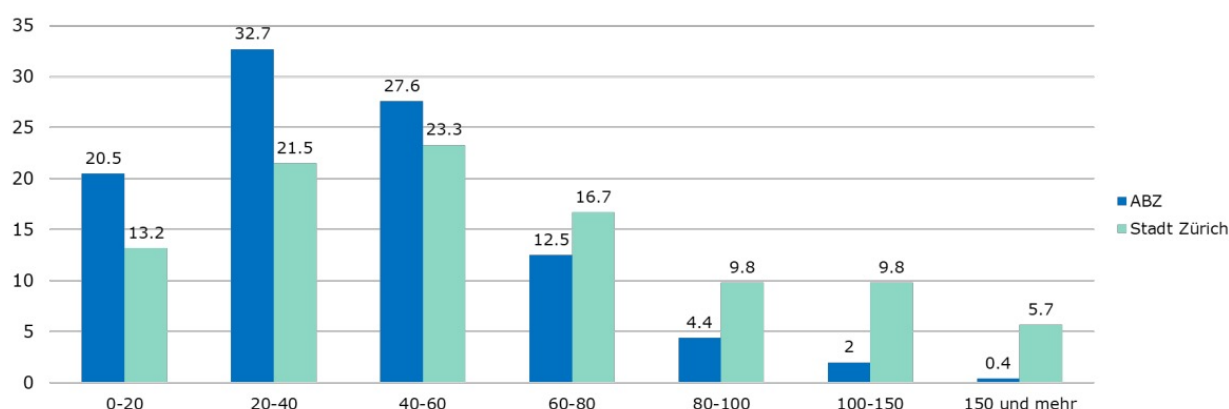
# Funding an affordable housing co-operative sector at scale

Research has shown that rents in Swiss housing co-operatives are between 20 per cent to 50 per cent lower than market rents. There is no income restriction, and tenants can live there as long as they want, including if their income increases.

ABZ is the largest co-operative housing developer in Zurich. As can be seen from the graph of the household income distribution among ABZ co-op members in Figure 11 (below), a majority of members come from lower income groups – despite there being no maximum cap on household income for co-op members income for co-op members, there is a majority of members coming from lower income groups.

FIGURE 11 – SHARE OF HOUSEHOLDS BY INCOME IN ABZ CO-OPERATIVES COMPARED TO AVERAGE FOR ZÜRICH.<sup>72</sup>

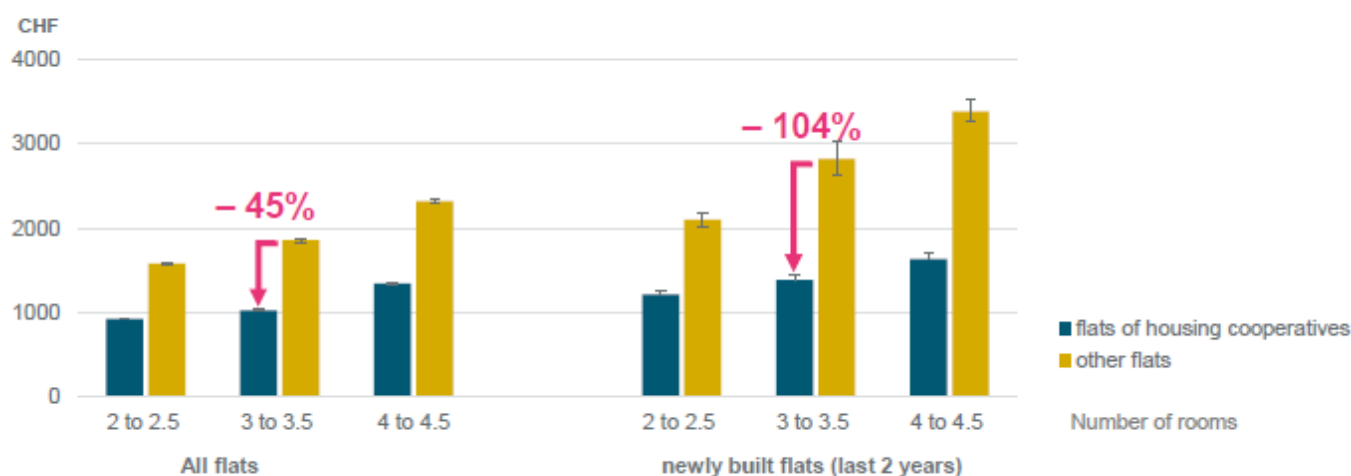
## Taxable income per household



Share of households by taxable income in percent  
Equivalent household income in CHF 1000, 2019 (Source: Statistics City of Zurich)

FIGURE 12 – AVERAGE NET RENTS OF CO-OPERATIVE FLATS VERSUS MARKET RENTS IN CITY OF ZÜRICH<sup>73</sup>

## Average net rents in the city of Zurich



Source: Statistik Stadt Zürich. Mietpreiserhebung 2022. Mittelwerte für 2 bis 4.5-Zimmerwohnungen

<sup>72</sup> Presentation by President Dr Nathanea Elte (2024) ABZ Co-operative Zurich

<sup>73</sup> From presentation by Stefan Schneider, (2024) The Swiss Federation of Non-Profit Housing Providers, Zurich division (WBG-Zurich). Statistics from: Bauen & Wohnen - Stadt Zürich (stadt-zuerich.ch)



In Zurich there are several additional mechanisms that support the growth of the affordable housing sector:

- Land for housing development is provided by the government through land lease agreements of initially 62 years, which can be extended twice by another 15 + 15 years. The lease agreements include an interest rate set at 1.75 per cent of average value of market price purchase of the land.
- Only non-profit developers can access these low-cost plots, and they need to construct and offer apartments at cost price only, without profit. This effectively removes tracts of land from the speculative market and secures affordable housing for the long term.
- Tenant rental of the apartment is also set at non-profit cost price (i.e., based on operating costs); no dividend or interest is paid. There is no profit or surplus awarded to the co-operative, and there are no income caps for tenants.
- If tenants are unable to afford rent, there is a solidarity fund set aside to support these tenants. Co-operative members pay a share certificate (membership share) and monthly rents at cost price.
- Co-operatives can offer rental facilities for complementary social services located on site, such as childcare, health care, etc, and can also offer common areas such as laundries, libraries, common rooms, guest apartments etc.

It is important to note that co-operative housing in the Swiss context is NOT considered part of social housing. In the Swiss context, only public housing – that is, housing provided by the municipal or state governments – is called “social housing”. Thus, co-operative housing providers do not provide social welfare services to their tenants but can offer facilities for these services to rent in the co-operatives.<sup>74</sup>

Since 2003, funding of non-profit affordable housing has been undertaken by what is called an “indirect funding route”. Supported by Article 108 in the Federal Constitution, which commits the government to supply housing for those in need, the Confederation established three funding mechanisms which support the development of affordable housing.

### Fonds de roulement/ revolving fund

Established as a Revolving Fund in 2003 as part of the Housing Promotion Act, the funds are distributed as low-interest loans to housing co-operative and used for: construction of new affordable housing complexes; renovation/ restoration/energy efficiency measures on old affordable housing buildings; and acquisition of land for affordable housing.

## Confederation guarantees to bonds issued by the Bond-Issuing Co-operative (BIC)

The BIC secures capital from the market by issuing bonds of 6- and 15-year terms, which are then made available to the housing co-operatives that are a member of the BIC. Through this a lower interest rate is secured and remains the same through the term of the bond.

## Confederation countersecurity

This mechanism is available to specialised mortgage co-operatives that can guarantee up to 90 per cent of total investment. In addition, some cantons (Swiss regional states) provide rental assistance to individuals, and some provide land to build housing co-operatives on, based on “right to use” but not to sell the land.<sup>75</sup>

The Swiss Federation of Housing Co-operatives (WBG Schweiz) administers the Trust in charge of the fonds de roulement/revolving fund. In addition, they administer a solidarity fund which is derived from contributions by members of the federation. This provides loans in addition to or instead of the revolving fund. Lastly WBG Schweiz also administers Solinvest, a foundation that seeks to support new co-operatives to increase their own capital funds.<sup>76</sup> As such, it comprises a collaborative systems approach and capital leads to individual, co-operative, solidarity, government and private finance to develop affordable housing in Switzerland.

<sup>74</sup> Presentation by Richard Heim (2024) Retired Planning Officer, City of Zurich

<sup>75</sup> Cooperative Housing International (2021) <https://www.housinginternational.coop/co-ops/switzerland/>

<sup>76</sup> Presentation by Rebecca Omeregje, Vice Director (2024) About the Swiss Federation of non-profit housing developers (GBW)



TABLE 4 – COLLABORATIVE FUNDING FOR AFFORDABLE RENTAL HOUSING (EXAMPLE FROM ZURICH).<sup>77</sup>

COLLABORATIVE FUNDING AND RISK-SHARING OF AFFORDABLE HOUSING DEVELOPMENT			
Type of funding	Share	Funding resources	Share
Debt financing	65%	Bank mortgage	65%
Low-interest loans	25%	Solidarity fund (co-op)	4%
		Revolving fund (govt)	10%
		Ex. City of Zurich Pension Fund (local govt/ pension fund/other)	15%
Equity	6%	Member share	6%



<sup>77</sup> Diagram by Kalagas, A., Fergus, A. and Sundermann, K. based on data from Boudet, D. (2017) New Housing in Zurich: Typologies for a Changing Society.



## Supporting institutions and tenant participation

Both the national and the regional peak bodies of non-profit housing providers and developers provide support and consultancy in the areas of legal services, finance, organisational management, planning, property management and development, support for co-operatives' self-organisation and management, networking events and engagement in public housing policy. They also provide advisory services for insurance, book-keeping and auditing.<sup>78</sup>

The WBG Schweiz supports the sector with a monthly magazine to members, a wide range of guidelines, sample documents and information sheets on new ideas for renovation and upgrade. They also have substantial co-operative continuing education programs offering both degrees and single courses.

The Swiss Housing Co-operative sector is organised in three tiers, with Housing Cooperatives Switzerland (WBG Schweiz) being the national peak body, supporting 10 regional associations of housing co-operatives.

Non-profit housing developers can take different legal forms, but they are mostly organised as

co-operatives, with members being prospective tenants. Members buy shares in the co-operative and then have voting rights and can take part in decision-making.

Another important institutional mechanism is the architecture competitions that all new affordable housing developments are subject to. When land is leased for an affordable housing development, the project must be advertised as an architect competition with specific criteria attached to the prospectus. A committee decides on the project design.

In housing co-operatives, such as ABZ, the largest housing co-operative in Zurich, an active participation is expected of the tenants and follows the co-operative principles. Each member has a vote, and members take active part in developing strategy for the organisation and on issues concerning the community/ neighbourhood. The General Assembly takes decisions for investments over 10 million Swiss Francs. The ABZ is also actively involved in political discussions, and lobbies for policies supporting housing co-operatives and affordable

housing.

The ABZ promotes their core values as being:

- Open to everybody – this means there is no cap on income level for people to access housing through ABZ
- Housing security – secure tenure
- Enhancing diversity – different cultures and education/income levels
- Solidarity – supporting a wide range of organisations and members with reduced income
- Active promotion – connected community and good neighbourhoods

ABZ employs social workers to help individual tenants with personal issues, and they have community activators and outdoor area designers to help co-operatives develop relationships, good neighbourhoods and outdoor areas that they want and need.<sup>79</sup>

<sup>78</sup> Stefan Schneider, Managing Director (2024) Zurich Regional Association of the Swiss Housing Cooperatives: non-profit, innovative, committed

<sup>79</sup> From presentation by Dr. Nathanea Elte, President of ABZ (2024) About ABZ



# IMPLEMENTING PEOPLE-CENTRED DESIGN FOR ECONOMIC, SOCIAL & ENVIRONMENTAL IMPACT

During our visits to all three countries, we observed a notable emphasis on innovation in affordable housing design, coupled with a strong focus on social and environmental impacts. This trend can be attributed to the dual-purpose nature of member-based housing models. Firstly, these models align with member expectations regarding the economic, environmental and social benefits associated with co-operative housing. Secondly, they adhere to architectural quality and performance standards mandated by regulatory bodies, and these are expected when given access to public subsidies or government-owned land for affordable housing projects.

When non-profit or limited-profit developers receive subsidies or favourable access to land, it becomes imperative for authorities to ensure accountability in construction costs. Additionally, there is a responsibility to ensure that new construction or renovations align with global and national targets for sustainable development goals and decarbonization efforts. Particularly in the case of renovations, there is a push towards retrofitting to improve accessibility for aging and less mobile residents, as well as energy-efficiency.

Each country we visited demonstrated distinct approaches to achieving design innovation to meet a wide range of environmental, social and economic policy targets. In Denmark's Almene Boliger sector, innovation focuses on cost reduction, lowering carbon emissions, minimising environmental footprints and enhancing social cohesion. Housing associations collaborate with Almene Boliger administration/ developer associations to engage

architects in developing novel concepts and ideas for new builds or renovations. Meanwhile, in Austria and Switzerland, design innovation aligns with sustainable development goals and member benefits through architecture competitions that incorporate rigorous design and cost criteria.

Member economic benefits are considered at all stages, to ensure perpetual affordability in housing. Policy and design strategies can support this goal by reducing building costs through modular construction, where units are prefabricated offsite and assembled onsite. Design innovations can also lower individual investment costs by incorporating shared amenities like laundry facilities, workshops, bicycle parking, communal libraries, guest apartments (instead of extra bedrooms) and community kitchens. Offering unfurnished apartments without fixed storage encourages environmentally conscious residents to use recycled materials and second-hand furniture, thereby reducing waste.

Many of the co-operatives we visited allocated significant space for commercial use within their buildings. These areas could host community cafes, offices, meeting rooms available for hire and guest accommodation, providing job opportunities or enabling entrepreneurial ventures by co-operative members.

Social benefits for members include safe outdoor areas for children and shared communal spaces such as gardens and playgrounds, which foster community connections. Innovative design strategies aimed at enhancing social cohesion include creating "accidental spaces" like wider common balconies or stairways that

encourage daily encounters and conversations. Community spaces for sharing and exchanging clothes, toys and other goods further strengthen community ties.

In addition to meeting public building codes, there is considerable member and community pressure to minimise carbon footprints and waste. The strictly regulated building codes in government-supported affordable housing sectors ensure that new constructions align with global and national Sustainable Development Goals (SDGs). This commitment positions these sectors as leaders in sustainable building innovation.

The following section below includes concise descriptions and images of innovative architectural features encountered during our study tour. This section was contributed by Emily Taylor from Core Collective Architects, Tasmania. All images of architectural drawings have been used with permission from respective architects.

**Fredriksberg (suburb in Copenhagen) is now a "very green part of town but has not always been like that. New rules dictate that 'You should always see a tree from your window.' All trees in the city are registered."**

Quote from Laurits Røykum



# 1. Innovation in low-cost construction

The goal for new co-operative housing construction is to find the middle ground between quality of build and construction cost. The optimal outcome is one that is a low-to-mid construction cost whilst achieving a high level of quality (particularly quality construction that reduces future costs, for instance the thermal building envelope, durable materials and renewable power). As the members' rent is at-cost, there is an incentive to minimise the initial construction cost.

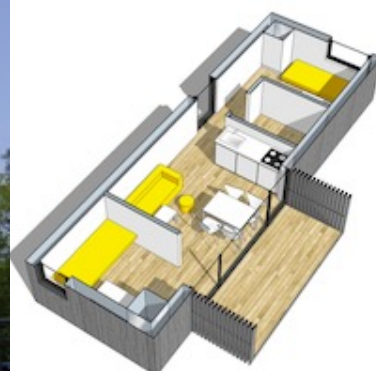
## a) Prefabricated modular housing

All three countries visited are building with prefabricated timber-framed construction for apartment buildings – Denmark has progressed the furthest. Individual apartments are fabricated in a warehouse as a whole “box” that is brought to site on the back of a truck and craned into position. The “box” apartments are fully fitted out internally, including plumbing and electrical fittings. Prefabricated modular construction saves the costs associated with site construction time, reduces risk of delays, provides quality control and reduces material wastage. Time and cost are also saved in the repetitive design of the units which are designed once to be replicable on future builds.

### CASE STUDIES

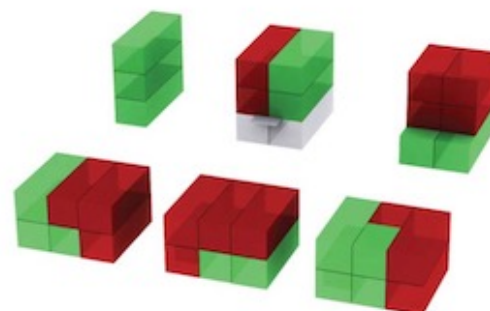
#### Friendly Housing Plus by ONV Architects & We Do Democracy, Copenhagen

41 prefabricated modular apartment units, made off-site and stacked to four storeys.



#### Danmarkhusen by Vandkunsten Architects, Copenhagen

Costs 22 per cent below average not-for-profit rent. Costs reduced through prefab-modular construction, eliminated corridors / circulation space and “stripped back” tenancy fit-out.



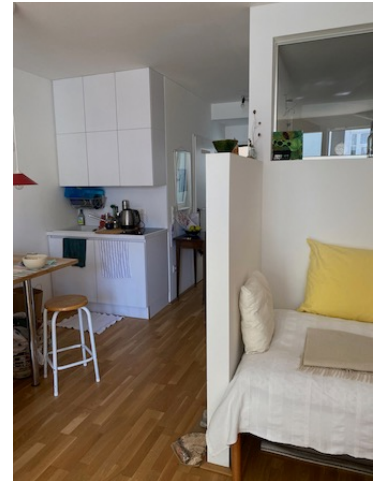
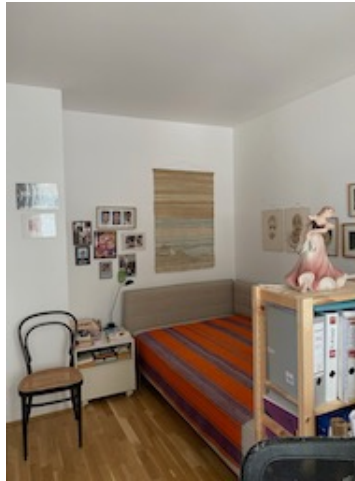
## b) Efficient apartment sizes and arrangements

Overall construction costs (and therefore ongoing rent costs) can be reduced through smaller apartment footprints and more emphasis on shared, communal facilities.

### CASE STUDIES

#### SMART apartments, Vienna

The Viennese government initiated SMART apartments for social and affordable housing – they are smaller than average (1, 2 and 3 bedroom) with high quality and amenity to ensure their functionality and liveability. The smaller apartments save money during construction and in ongoing rent.



#### Cluster apartments, Mehr Als Wohnen, Zurich

Cluster apartments to suit singles, seniors or students. Individual self-contained but small apartments are arranged around a larger common living, kitchen and dining area. This arrangement reduces the overall area of the households and saves on construction cost.





## Guest apartments, Wohn-Project Wien, Vienna

Most co-operative apartment buildings visited include several guest apartments. These are spare self-contained units which any household can book for visiting family/friends. This means that households have less need for extra spare bedrooms within their private apartments, therefore reducing apartment sizes generally and saving costs.



## 2. Innovation in low-carbon sustainable construction

Our hosts emphasised the importance of utilising existing building stock wherever possible, as the most sustainable form of construction. Renovation of existing buildings and the transformation of commercial and office buildings into apartments is an example of this. There was also emphasis on building maintenance (choosing durable and high-quality materials and fittings), thermal performance (triple glazed windows, high levels of insulation) and renewable power.

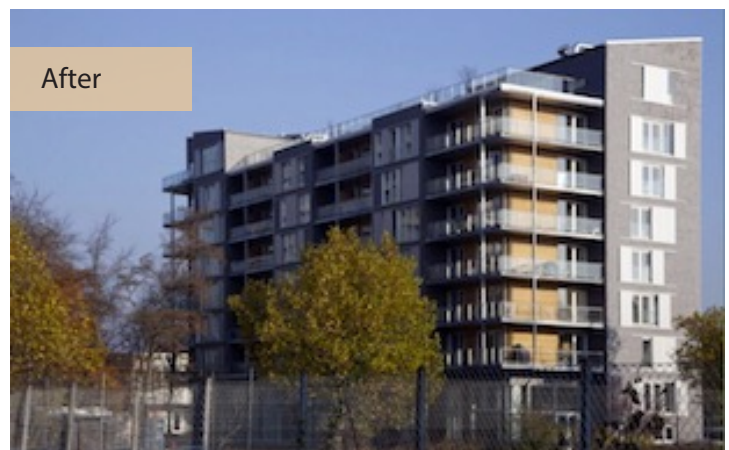
### a) Renovation of existing buildings

“The most sustainable building is the one you already have.” We visited many examples of existing buildings (often heritage significant) being renovated to improve thermal comfort, amenity and accessibility.

### CASE STUDIES

#### Special Needs Housing in Frederiksberg, Copenhagen

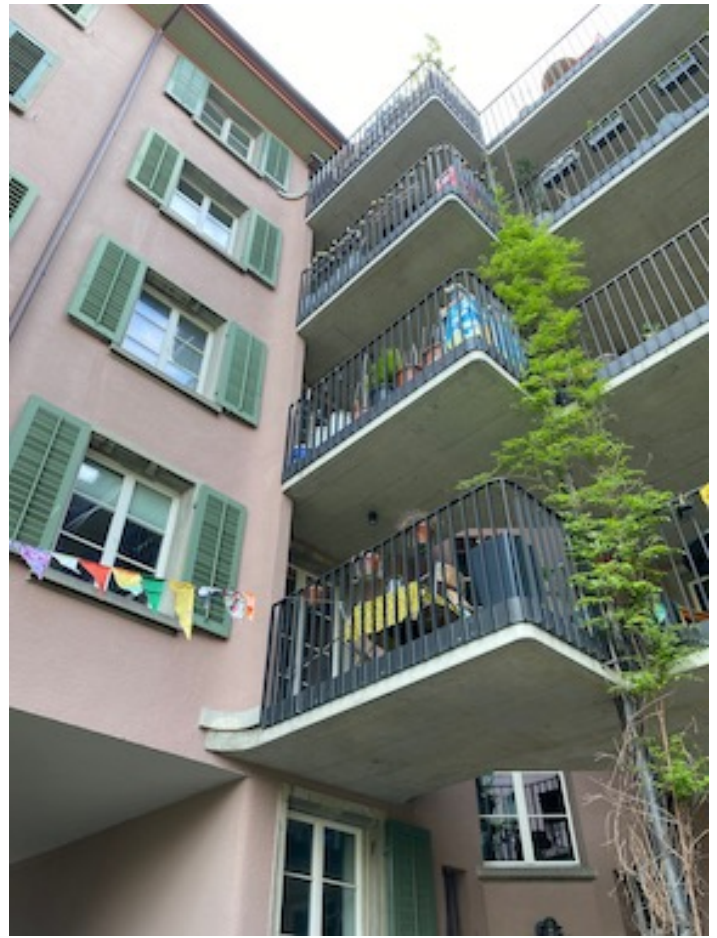
An existing building renovated so that all 70 units are wheelchair accessible.





## ABZ Co-operatives, Vienna – ‘Keep the proven and build the new.’

Renovations of existing heritage buildings to improve access (lifts added) and amenity (balconies added).



### b) Timber or hybrid construction

We saw many examples where sustainably sourced timber is the primary structural material. Timber is carbon sequestering and therefore reduces the embodied energy of the building.

### CASE STUDY

#### “The Red Thread”, Copenhagen

Multi-storey building with a hybrid timber and concrete structure.





### c) Quality construction

Low maintenance, high durability, natural materials such as timber and natural Marmoleum .

## CASE STUDIES

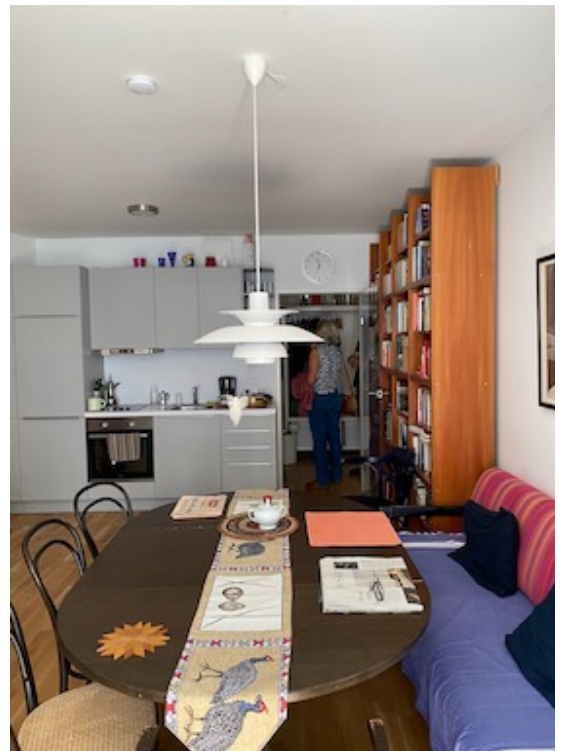
### Wohn-Project Wien, Vienna

Quality and durable materials throughout including timber cladding, concrete, natural Marmoleum floors and solid oak parquetry flooring.



### Kolokation, Vienna

Apartment interior  
with durable solid  
timber floors, quality  
cabinetry and  
fixtures.



#### d) Reduced car parking

Co-operative housing is often located conveniently close to public transport and essential services, thereby reducing car dependency (and the carbon footprint of residents). Often a small number of EVs are shared by residents. Apartment complexes include plenty of secure bicycle parking space.

### CASE STUDIES

#### Wohn-Project Wien, Vienna

Includes just seven car spaces for 40 units. Generous bike parking area. Project located near public transport, shops and schools.



#### Mehr Als Wohnen, Zurich

EV car share for co-op residents.





### e) Minimal apartment fit-outs

Examples where the apartments have minimal fit-out only. The remainder is up to tenants to fit-out as they choose. For example there is no storage in the apartments at first, but residents can add their own. This keeps construction costs down.

## CASE STUDIES

### Danmarkhusen, DK

CO<sub>2</sub> reduced by 68 per cent (compared with concrete construction). Also EV car share at Mehr Als Wohnen, Zurich.



### Self-build units at Zollhaus, Zurich

Eight units in the Zollhaus co-operative housing development were based on the "Hallenwohnen" (hall dwelling) which provides a basic structural framework for tenants to then complete with building work that does not require a permit. This approach keeps rental costs down and enables personalisation. Image to the left by Annett Landsmann, Zurich





## f) Biodiversity and natural cooling

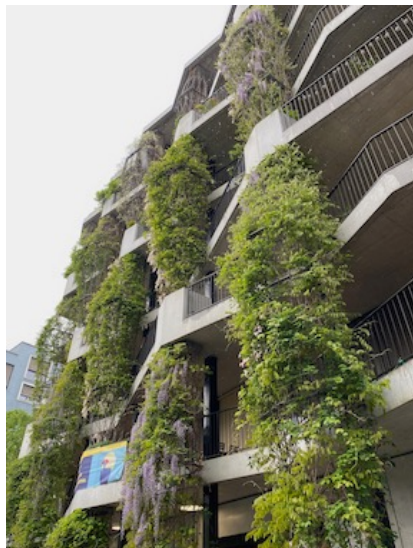
Through incorporating well designed landscapes and vegetation into apartment buildings, the apartments are naturally cooled, avoiding the need for air conditioning, and biodiversity is increased, attracting birds and wildlife to the buildings. Greenery on building roofs and facades also assists in reducing the “heat island effect” experienced in urban areas.

### CASE STUDIES



#### Zollhaus Co-operative, Zurich by Enzmann Fisher Architects

Communal rooftop planting  
is native, diverse and low-  
maintenance.



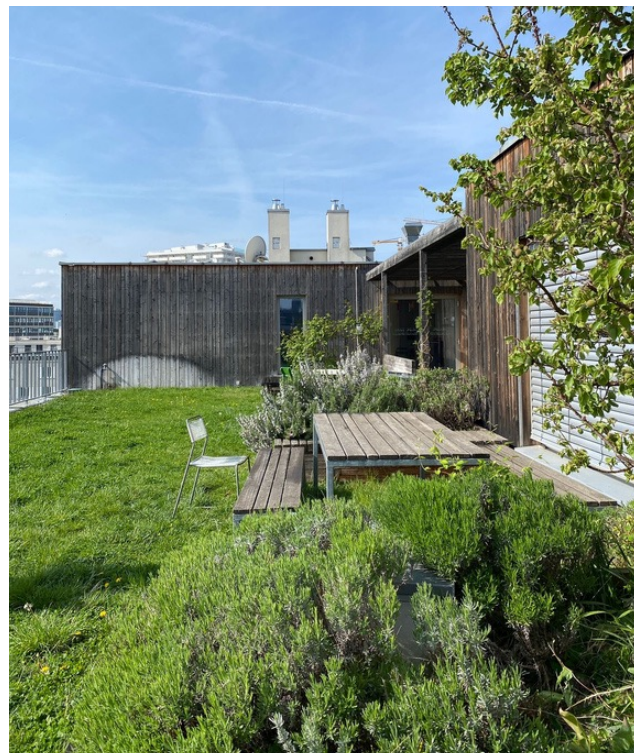
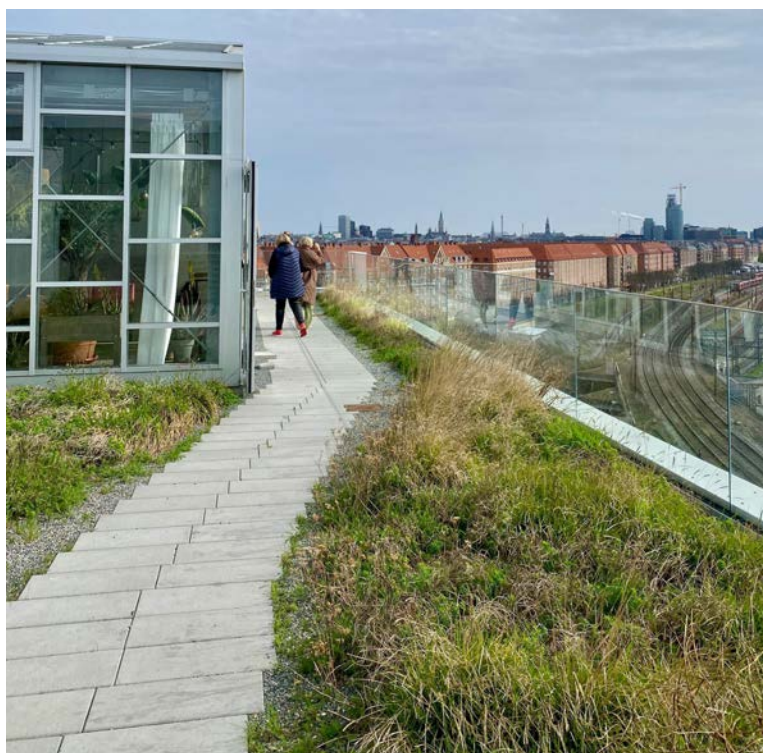
#### Mehr Als Wohnen

Wisteria grows in planter boxes  
on apartment terraces, providing  
shading and cooling the  
apartment interiors.



#### Wohn-Project Wien, Vienna

Vibrant and diverse planting on  
the communal rooftop.





## g) Natural light and ventilation

Many case studies visited include smart building arrangements that enable crossflow ventilation and allow natural daylight into apartment interiors. This passive cooling and lighting reduces the apartment running costs and dependency on artificial cooling and lighting.

### CASE STUDIES

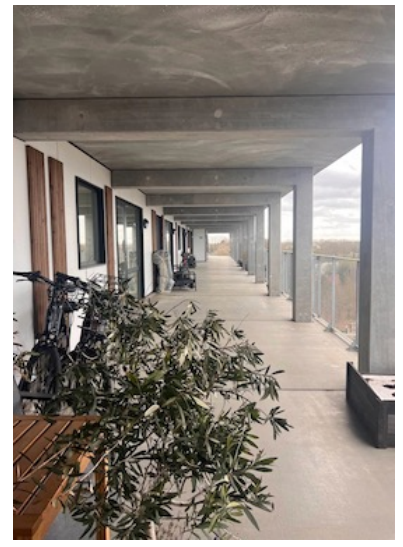
#### Mehr Als Wohnen

Central light well with plenty of natural daylight and an openable glazed atrium roof.



#### “The Red Thread”, Copenhagen

Apartments are arranged lineally with windows and outdoor terraces at two frontages, enabling crossflow ventilation and daylight throughout the units.



### 3. Design to support social innovation

As shared co-operative owners, the members themselves are effectively housing developers. The self-determination of the co-op residents was evident in many case studies; tenant democracy often decided on building design, renovations and maintenance.

Common spaces were often generous in size and number. Common resident-only spaces such as roof gardens, bike storage areas or shared laundries were often attributed for incidental meeting of neighbours. Meanwhile, the ground floor is often dedicated to the broader community, including commercial spaces such as cafes, bars, movie theatres and childcare centres.

#### a) Mixed tenants

All co-operative housing case studies visited had a focus on equity of access to affordable housing suited to diverse tenant needs and social innovation in design to forge relationship building. Apartment complexes often included a social mix with residents of diverse backgrounds, incomes and ages living closely together and supporting each other.

#### CASE STUDIES

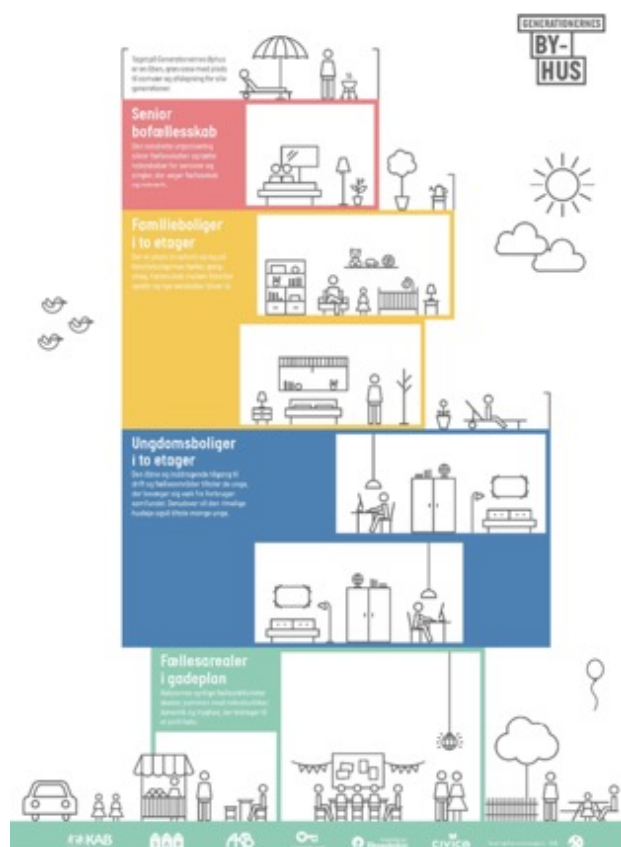
##### “The Red Thread”, Copenhagen

With 15 student units, 46 family units, 24 senior units, this co-operative housing development enables. Co-operative housing enables seniors to age in place rather than in care, benefiting from the health and wellbeing that comes with social connections and purpose and reducing costs to the public purse.

Senior residents at The Red Thread are the most active contributors to building activities, operational groups and leadership.

“We love it  
because we get  
to share our lives  
with each other.”

Ulla, Red Thread  
Senior resident





## Friendly Housing Plus by ONV Architects & We Do Democracy, Copenhagen

Designed for students and refugees to live side-by-side in a “buddy” system.

“Each of us is partnered with a refugee who lives in the unit next door. It’s a buddy system. We love supporting each other and sharing our cultures.”

Student residents



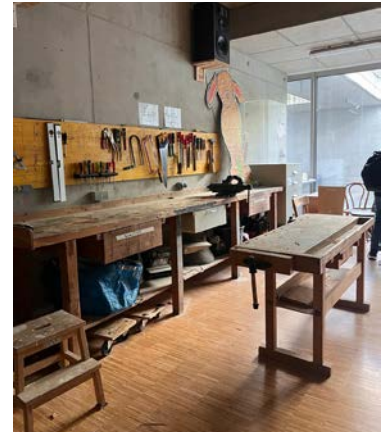
### b) Common spaces and shared amenities

Shared spaces for residents’ use often include a large kitchen and dining area for group gatherings or for residents to book for events such as birthday celebrations. The amenity and functionality of common areas helps to keep the individual apartment sizes down.

## CASE STUDIES

### Wohn-Project Wien, Vienna

This development features a large shared kitchen/dining area that can be booked for parties, as well as a roof-top sauna, vegetable gardens, yoga room, library, guest rooms and workshop.



### James Housing, Zurich by Steib Gmür Geschwentner Kyburz Architekten

Communal laundry designed for social gatherings and fun.



### c) Spaces for the broader community

Including public spaces on the ground floor of co-operative developments ensures the apartment buildings integrate with the broader community. They can also bring income in to support the co-operative. Examples include cafes, bars, childcare centres, meeting rooms for lease and hotel rooms.

#### CASE STUDIES

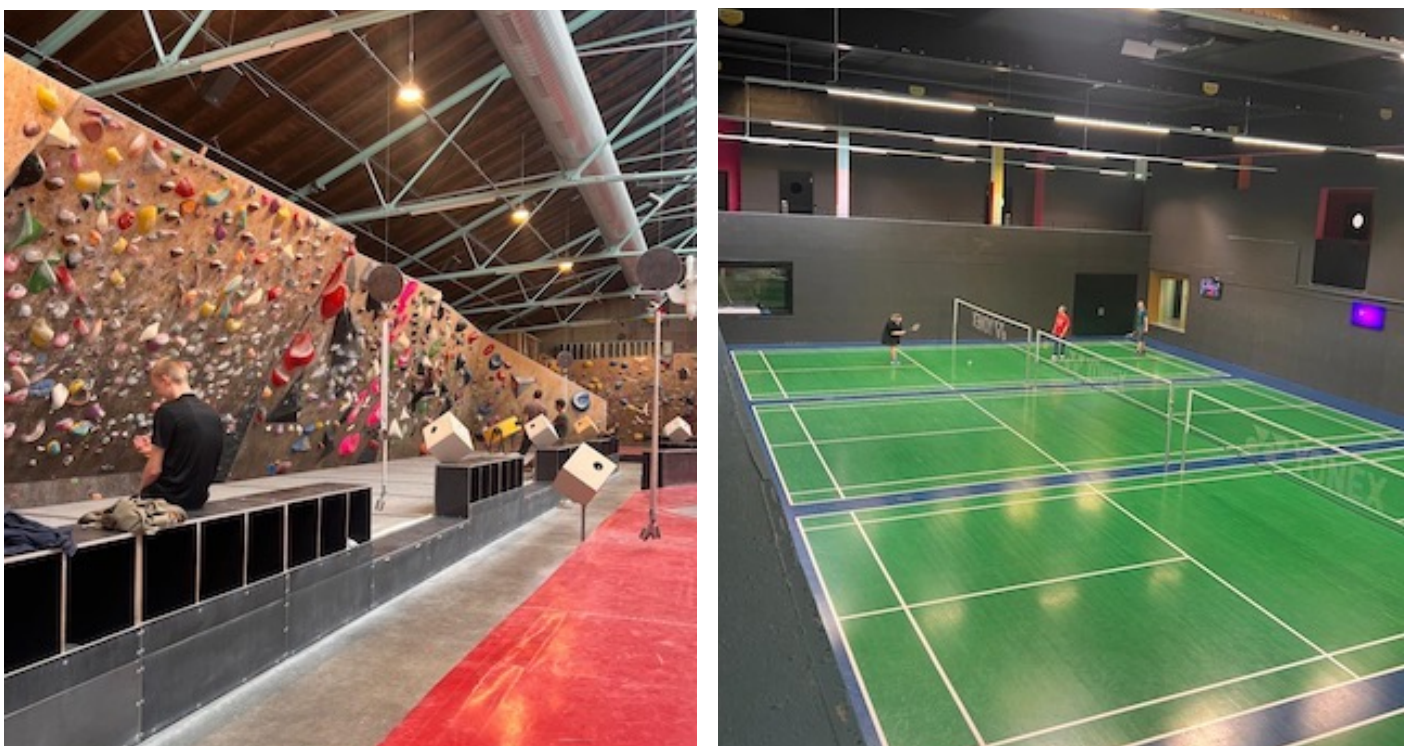
##### Zollhaus Co-operative, Zurich by Enzmann Fisher Architects

Public spaces in the building include a café, bar and small theatre.



##### James Housing, Zurich by Steib Gmür Geschwentner Kyburz Architekten

Badminton court and rock-climbing centre incorporated into the co-operative housing development – initiatives of the architects.





## 4. Land for affordable housing – innovation in location and planning

- Supported by strategic land banking for affordable housing by local, city or central government
- Affordable (or non-market) housing sites made available at a rate written into local regulation or statutory legislation
- Opportunities for off-market housing sites developed via urban renewal initiatives such as railway re-alignment, new airport or brownfield redevelopment
- Under-utilised municipality-owned land (e.g. over trams storage)
- Central or well-serviced locations - in-city / near public transport / schools and shop

### CASE STUDIES

#### Kalkbreite Co-operative, Zurich

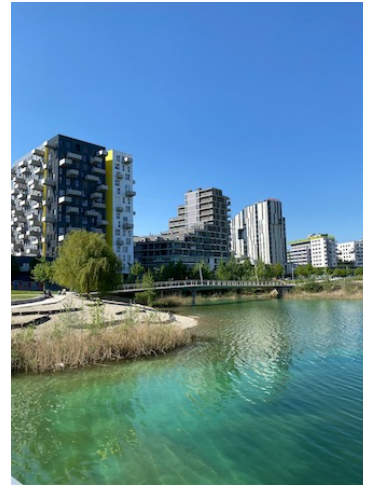
Built over an existing council-owned open-air tram depot. Kalkbreite includes 97 apartments plus 5,000 square metres of commercial space.





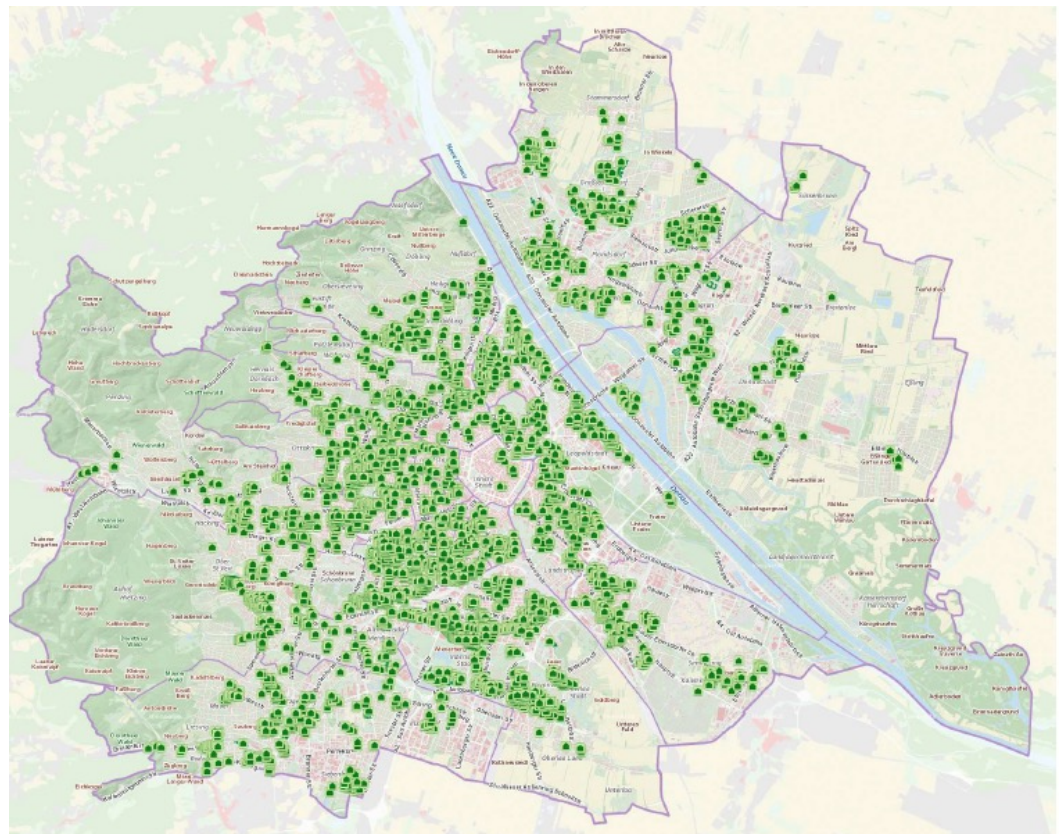
## Aspern Seestadt, Zurich

One of Europe's largest urban development projects – a new city within Vienna, built on a decommissioned airport site. It is being constructed in stages, with a total of 11,000 units planned across several apartment buildings. Aspern Seestadt aims for 50 per cent affordable/limited-profit housing in total, including co-operatives and community housing. The urban design strategy includes gender mainstreaming with a focus on design for families in the public realm. Key amenities such as school, work and services are within walking distance of residential buildings, along with a series of car-free laneways and public squares that are safe for children to play in. Potential urban “dead areas” are turned into community assets, such as the covered space under the trainline which has a series of recreation facilities. All the Aspern Seestadt streets are named after influential women, to improve gender balance in Vienna's street names.



## Vienna

“Affordable housing is planned for and spread throughout the city. Typically, in Vienna a person's income cannot be gleaned from his or her home address – a fact we are proud of.”<sup>80</sup>



<sup>80</sup> City of Vienna (2022) The Vienna model of social housing-A success story. City of Vienna-Wiener Wohnen, August 2022, Vienna, Austria



# KEY LEARNINGS FOR DEVELOPING RENTAL CO-OPERATIVE HOUSING IN AUSTRALIA

Based on the insights from the study tour, here are five key learnings that could inform the development of affordable rental housing co-operatives in Australia:

## 1.

### Importance of a sizeable affordable housing co-operative sector for wealth distribution and liveable cities:

A substantial affordable rental housing sector is crucial for promoting wealth distribution and fostering thriving communities. This sector achieves affordability through strategic measures such as access to low-cost land, involvement of non-profit or limited-profit developers, diversified funding models and regulated rent structures. Organising these developments into housing co-operatives with active tenant participation ensures that tenant perspectives are heard, and resources are reinvested back into the sector, rather than being siphoned off as dividends for investors.

## 2.

### Establishing sustainable funding models:

Developing collaborative funding models<sup>81</sup> that ensure continuous investment in affordable rental housing co-operatives is essential. These models should incorporate a mix of commercial loans, soft loans from government entities, tenant equity contributions, co-operative solidarity funds and grant funding. The challenge lies in structuring these models to share risks effectively, attracting investment while satisfying regulatory requirements in Australia's tightly regulated financial environment.

<sup>81</sup> Pace, C. Right Lane Consulting (2024) Housing Matters Report 2024

# 3.

## Promoting equitable and long-term access and sense of “renting like you own it”:

Implementing a “missing middle” housing tenure that promotes equitable access and long-term security is pivotal. Tenants contributing equity, even in small amounts, for secure housing in perpetuity fosters a sense of ownership and stability akin to home ownership. This approach contrasts with traditional social housing models where tenants may face insecurity due to stringent income and social criteria. Providing longterm or even inheritable tenures further strengthens community stability and reduces intergenerational disadvantages.

# 4.

## Enhancing tenant voice in planning, operations and decision-making:

Empowering tenants through active participation in decision-making processes regarding costs and living conditions enhances living environments and promotes social and environmental outcomes. The ARC study underscored that tenant engagement in planning, maintenance and improvements not only strengthens their sense of agency but also leads to tangible enhancements in housing quality, individual and family wellbeing health and education outcomes and community cohesion. This participatory approach ensures that housing developments meet the diverse needs and preferences of their residents. The best proponents for improving living conditions are the people living there.

# 5.

## Implementing people-centred urban planning and design:

Implementing people-centred urban planning and architectural design principles is crucial for creating vibrant and inclusive communities. Targeted policies can facilitate the development of affordable rental co-operative housing across various suburbs, integrating them with public transport and amenities. Innovative design approaches, influenced by national and global sustainable development goals (SDGs), can optimise construction costs while enhancing economic, social and environmental outcomes. Architectural competitions for non-profit developers incentivise high-quality design in exchange for affordable access to land, fostering diverse and well-connected urban landscapes

In conclusion, these learnings highlight the transformative potential of affordable rental housing co-operatives in Australia. By adopting co-operative principles and integrating them into policy and development frameworks, Australia can address housing challenges effectively, promote community resilience and create more liveable cities for all residents.







## SECTION FOUR:

# TRANSLATING FINDINGS INTO THE AUSTRALIAN CONTEXT

The table located on pages 24 – 27 illustrates areas of similarity and difference across the three countries in comparison to the Australian sector. The long-term existence and gradual improvements of institutional and funding arrangements have resulted in scale and fostered a robust, stable and innovative affordable rental housing sector. Key similarities include substantial housing provision for urban low- and middle-income households, with surprisingly lenient or no income caps due to adequate supply. Tenure is secure and long-term, with rent set as a percentage of income in Denmark, or at least 70 – 80 per cent of market rent in Vienna and in high-cost Zurich is currently measured to be between 25 – 50 per cent lower than market rent.

All three models emphasise tenant participation in decision-making processes. In Denmark's Almene Boliger model, tenants are elected to boards and actively involved in crucial decisions such as rent-setting and strategic planning, despite the model being termed "social housing" rather than co-operative housing. In Austria and Switzerland, affordable housing is supplied by both housing associations and co-operatives, where co-operatives adhere to co-operative principles with "one member, one vote". However, there are indications in Austria and Switzerland that co-operative housing legislation requires modernisation, leading some innovative community housing

developers to opt for registrations as associations rather than co-operative status.

From an Australian perspective, the collaborative funding models in these countries are particularly noteworthy. Each country utilises slightly different funding approaches, but common elements include tenant equity contributions, soft loans or grant funding, often backed by state guarantees and risk-sharing arrangements. Denmark and Switzerland have established perpetual funds for affordable housing, while Austria funds affordable housing through a dedicated tax on employers and employees.

In Denmark, the repayment of investment costs follows a unique model, ensuring that both the state, the National Building Fund, the Housing Association and the individual co-operative are all repaid their upfront funding over a period of 50 years. This also ensures that funds are returned and accumulated back to co-operatives and housing associations (instead of to outside investors) to reinvest in new co-operative housing developments or renovation of existing housing.

Land acquisition strategies differ slightly among the countries but involve reduced prices or lease arrangements specifically for affordable housing. Austria and Switzerland have introduced new zoning codes to facilitate affordable housing construction in suburbs near

public transport and amenities.

Challenges such as outdated co-operative housing acts in Austria and Switzerland are being addressed, along with issues related to the concentration of low-income households in specific areas. Active renovation planning, social innovations in tenant mix and the replacement of older buildings with diverse housing options are strategies employed to mitigate these challenges.

Comparatively, the current state of Australia's rental housing co-operative sector highlights several disparities that hinder growth and sustainability. These include very restrictive funding options, in some states insecure tenancy due to access being linked to eligibility for rental assistance, recruitment primarily through social housing waiting lists and no tenant equity contributions. Addressing these issues is essential for fostering a more robust and sustainable co-operative housing sector in Australia.

This analysis underscores the need for further discussion and exploration of affordable co-operative housing models, particularly regarding equitable financing mechanisms and enhancing tenant participation, to ensure the sector's growth and sustainability in Australia.



## The need

Australia's duopoly of housing, where people have a choice between private rental or private ownership except for a very small social housing sector (3 – 4 per cent), results in very insecure housing arrangements for substantial parts of the population. Home ownership has declined from 70 per cent in 2006 to 67 per cent in 2021, with young people having much less chance of buying a house than their parents' generation.<sup>82</sup> In addition, rental vacancies are catastrophically low, leading to 169,000 households on public housing waiting lists, and 122,000 people experiencing homelessness.<sup>83</sup> While house prices in 1980 were 3.5 times the average annual income, today's median Australian house price is around 7.4 times annualised income.<sup>84</sup>

Increasingly we see middle- and high-income households competing in the private rental market, making it even more unattainable for low-income households to access decent

and secure housing.<sup>85</sup> Australia's private rental market does not provide stability, with tenants moving on average two times every five years. This disadvantages families with school age children, older renters, residents living with disabilities and people on low incomes, who cannot afford costs associated with repetitively moving.<sup>86</sup>

In 2019 – 20, 66 per cent of private low-income renters spent more than 30 per cent of their income on rent (the official threshold for rental stress), while 20 per cent spent more than 50 per cent of their income on rent.<sup>87</sup> Most states report that less than one per cent of listed properties are affordable for low-income renters.<sup>88</sup> An eroded social housing system has exacerbated housing stress, particularly for low-income renters.<sup>89</sup> This is contributing to a growing wealth divide and will have intergenerational consequences when families cannot rely on stable housing to bring up their children,

continuity of education and ongoing connections to community and friends.

Part of the reason for this demise is that Australia has refrained from developing long-term affordable housing due to Australia's particular welfare system, where the primary focus has been on securing a high enough salary for wage earners to be able to afford decent housing.<sup>90 91</sup> This was sustained until 2000 when house prices began rising at a much faster rate than wages, as seen in the chart below.

<sup>82</sup> Australian Institute of Health and Welfare (2023) Home ownership and housing tenure. <https://www.aihw.gov.au/reports/australias-welfare/home-ownership-and-housing-tenure>

<sup>83</sup> National Housing Supply and Affordability Council (2024) State of the Housing System, 2024

<sup>84</sup> Kohler, A (2023) 'The Great Divide – Australia's Housing Mess and How to Fix It' Quarterly Essay 92

<sup>85</sup> Reynolds, M., Parkinson, S., De Vries, J and Hulse, K. (2024) Affordable private rental supply and demand: short-term disruption (2016–2021) and longer-term structural change (1996–2021), AHURI Final Report No. 416, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/finalreports/416>, doi: 10.18408/ahuri5128501.

<sup>86</sup> Productivity Commission (2022) In need of repair: The National Housing and Homelessness Agreement

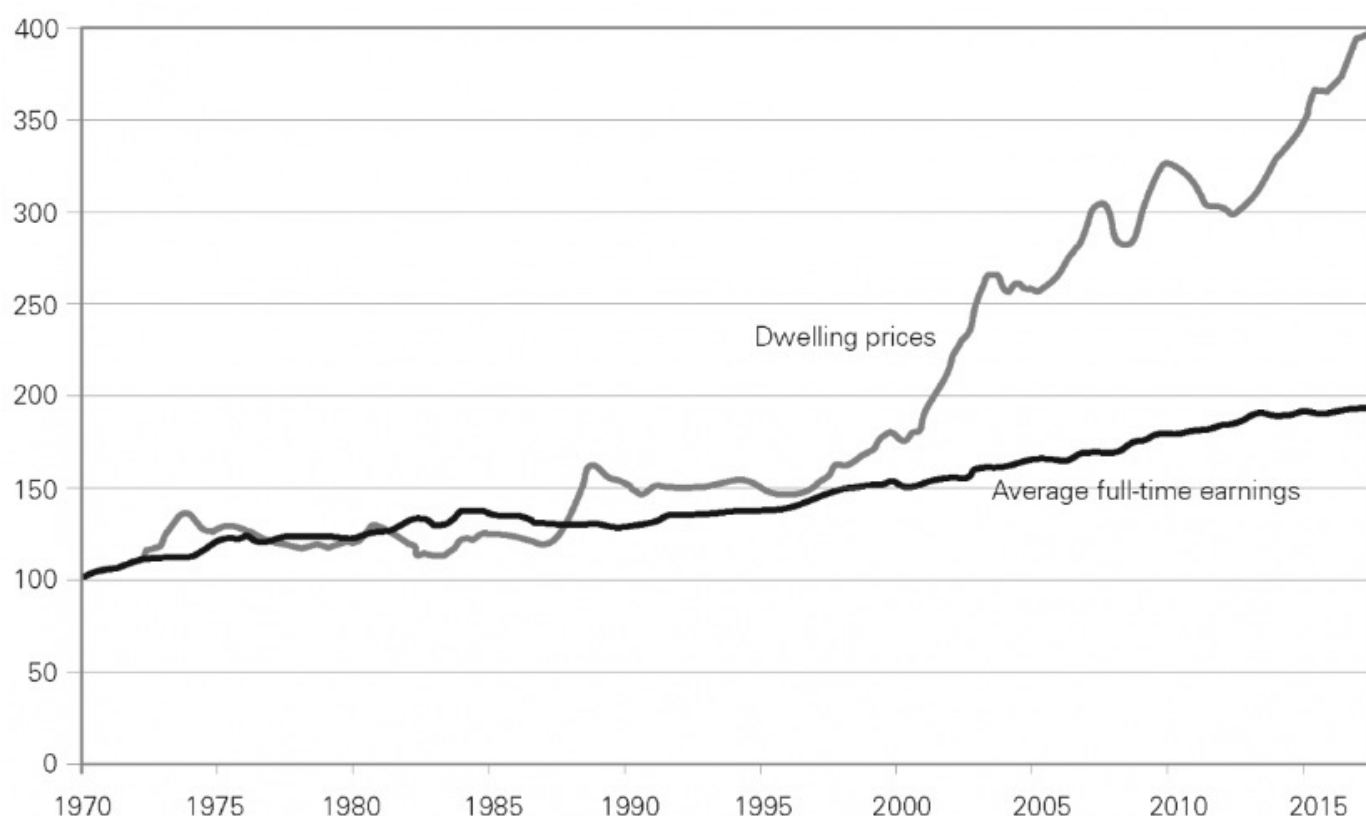
<sup>87</sup> Productivity Commission, 2022, *ibid.*

<sup>88</sup> Anglicare Australia (2023) Rental Affordability Snapshot

<sup>89</sup> Morris et al., 2021

<sup>90</sup> Apps, Ann (2021) *ibid.*

<sup>91</sup> Castles, F. G. (1994). The wage earner's welfare state revisited: Refurbishing the established model of Australian social protection, 1983-93. *Australian Journal of Social Issues*, 29(2), 120-145. <https://doi.org/https://doi.org/10.1002/j.1839-4655.1994.tb00939>

FIGURE 13 – HOUSE PRICES AND WAGES (FULL TIME WEEKLY EARNINGS, INDEX: 1970 = 100)<sup>92</sup>

Historical policy and market decisions in Australia have often prioritised housing as an investment asset rather than a fundamental necessity and human right, more so than in many other countries. Conversely, our European study tour revealed that a significant portion of their housing stock fulfills the criteria of “missing middle” housing tenure, catering to households with low to moderate incomes. They provide quality, secure and affordable living arrangements for a substantial segment of the population.

Another important aspect is that the “missing middle” sectors are typically developed by non- or limited-profit housing developers and managed as housing co-operatives and associations. They emphasise

substantial tenant participation both in the planning stages and in the ongoing management of the housing communities. As outlined throughout this report, this approach not only addresses affordability but also fosters a sense of ownership and community among residents.

By contrast, Australia’s housing market has often overlooked the importance of affordable housing models like these, focusing more on profit-driven development and private ownership. The European experience underscores the potential benefits of prioritising housing as homes and a social good rather than solely as an investment opportunity. Integrating similar “missing middle” housing co-operative models could provide viable solutions to Australia’s

housing affordability crisis, offering stable and sustainable housing options for a broader range of income levels.

<sup>92</sup> Business Insider in Kohler (2023) ‘The Great Divide: Australia’s Housing Mess and How to Fix It’ Quarterly Essay 92



## The opportunity

Recent research from the Australian Research Council (ARC)<sup>93</sup> highlights substantial positive impacts of the small rental housing co-operative sector in Australia. Tenants in these co-operatives report significant benefits such as skills development; improved employment and educational outcomes; satisfaction with housing stability, quality and security; as well as enhanced health and wellbeing, particularly for children. Moreover, tenants express a sense of agency, empowerment and community voice within these co-operative settings.

The study further reveals that affordable rental housing co-operatives, supported by Community Housing Providers, maintain costs comparable to other forms of community housing due to similar rent formulas. However, they deliver greater long-term social and health benefits. As one participant expressed,

**“The co-op model is a brilliant one and it gives me great faith in human nature. I have seen it rebuild family after family, offering them chances and healing that benefited all.”**

[SURVEY 106]

This evidence was a key motivator for our study tour, aimed at understanding how an affordable rental co-operative housing sector operates at scale and the associated

benefits. There is a growing consensus among government officials, not-for-profit Community Housing Providers<sup>94</sup> and researchers that rental housing co-operatives represent a “missing middle”<sup>95</sup> between owning and renting, offering housing security, quality and affordability.

Australia’s current housing crisis has prompted increased funding initiatives for social and affordable housing, notably through the Housing Australia Future Fund (HAFF). The Federal Government has allocated \$10 billion to the HAFF with an aim to finance 20,000 social and 20,000 new affordable homes over the next five years.<sup>96</sup>

There are substantial expectations around these new opportunities, however there are quite stringent limitations as to that organisations and developers can apply for such funds, limited to Tier 1 registered community housing providers. This eliminates smaller community housing providers and independent housing co-operatives which could have contributed to more diversity in housing models.

These new and additional funding opportunities have been targeted to projects that increase housing supply fast, such as build to rent projects and large-scale public or community housing managed by both for-profit, low and non-profit organisations. However, there are questions as to whether these will bring long-term affordability and tenure security, and if there are mechanisms – such as those employed in the countries

visited – to ensure that profit gained is reinvested in the affordable housing sector.

It is crucial that funding for affordable housing includes dedicated lines of credit specifically for rental housing co-operatives, which have demonstrated they can also contribute to diverse and significant policy objectives, whilst also providing quality and secure housing solutions for high-needs groups.



<sup>93</sup> Ibid. Crabtree et al 2024

<sup>94</sup> Australian Co-operative Housing Alliance, 2024

<sup>95</sup> Apps, Ann (2021) ibid

<sup>96</sup> Housing Australia (2024) Housing Australia Future Fund Facility and National Housing Accord Facility. <https://www.housingaustralia.gov.au/housing-australia-future-fund-facility-and-national-housing-accord-facility>

## Making it happen

From our exploration in Europe, we have gained valuable insights into collaborative funding models that have established sustainable and successfully scaled up the affordable rental housing co-operative sector in each of the three countries. These models integrate commercial loans, soft loans, grants and tenant equity, often backed by state guarantees and risk-sharing mechanisms. This multi-faceted approach not only mitigates risk but also facilitates substantial growth in the affordable housing sector.

Co-operatives and associations are given the opportunity to gain slow accumulation of capital, which is used to reinvest in additional housing, renovation, retrofitting and upgrading, fostering sustainability and expansion. Crucially, tenant democratic participation plays a pivotal role, enabling housing co-operatives to devise economic, social and environmental solutions that benefit members and their communities.

The development of funding models that involve several types of institutions and funding sources, while ensuring shared risk, is instrumental in nurturing the affordable housing sector. Empowering a self-financed sector

that builds up funds for reinvestment into affordable housing is imperative. This includes advocating for dedicated credit lines tailored for non-profit housing developers as part of the solution.

The inclusion of tenant equity and deposits in the funding mix (albeit these do not have to be large and can be paid over time) is an important element to ensure a “feeling of ownership and care of home” among tenants. As tenants indicated in the ARC<sup>97</sup> research project:

“Long-term tenure that’s affordable and secure regardless of my employment status (i.e., retirement/unexpected loss of employment) means I can call this place home forever.”

[Survey 166]

“I chose this home 27 years ago and maintained it like it was my own home.”

[Survey 185]

While the current focus in Australia is on increasing supply through investor-driven build-to-rent models, the European examples outlined in this report show the importance of imposing conditions and regulations to ensure affordability and tenant-centric outcomes.

In the countries we visited, stringent requirements stipulate that only non-profit, or limited-profit developers are authorised to construct affordable housing. These developers are mandated to build at cost, thereby restricting the rents they can charge to reflect actual construction expenses. Maximum construction prices per square meter further control costs, ensuring affordability across developments.

By dedicating a substantial portion of their housing stock to affordable housing, these strong economies enhance the lives of low- and medium-income households and cultivate more diverse and liveable cities. This approach not only addresses housing affordability challenges but also contributes to broader social and economic improvements within communities, which in turn contribute to flow-on savings across other social policy areas.



<sup>97</sup> Crabtree-Hayes, L. et al (2024)





## Principles for establishing an affordable rental housing sector in Australia

While the “missing middle” tenure form in Australia currently is comprised of public and community housing, we see the urgent need for focusing on the development of an affordable rental sector, ensured through adhering to the principles of the co-operative housing model.

This could be encouraged and secured through:

# 1.

Mandating that a percentage of build to rent be earmarked for rental housing co-operatives, including a target of 10 per cent of rental housing co-operatives in the community housing sector

# 2.

Mandating that rental housing co-operatives be developed by limited- or non-profit developers

# 3.

Dedicating a line of credit for development of rental housing co-operatives under HAFF/HA, with clear criteria with regards to tenure security, tenant participation and affordability

# 4.

Encouraging subsidies to support new affordable rental models, through providing cheaper land (Crown land, municipal or state land charities/church land)

## An Australian funding model for affordable co-operative rental housing

One of the most interesting findings of the study tour was the collaborative, risk-sharing and long-term vision for developing and maintaining a substantial affordable rental housing co-operative sector in perpetuity. Solutions included what has been called a “collaborative funding landscape”, which includes components of state guarantees to encourage commercial debt finance, joint public/private funding arrangements, loans from municipalities and tenant contributions.

In Denmark and Switzerland, a National Fund for Affordable Housing has been established. In Austria, a dedicated income and employer tax goes to affordable housing development.

Underpinning this vision are policies that support collaborative, risk-sharing and non-speculative funding models seeking to jointly achieve a national goal of decent housing for all.

Building on insights from the study tour, elements that could be considered in the Australian context are,

# 1.

Enabling collaborative financing models for developing affordable housing

# 2.

Review and amend legislation around making co-operative housing, community land trusts and co-housing models eligible for financial assistance

# 3.

Review financial services regulation to release non-bank funding for rental housing co-operatives and community land trusts

# 4.

Require changes in the rental tenancy act to ensure tenant voice and rights

# 5.

Modification of HAFF guidelines to also include affordable rental co-operatives



## Concluding remarks

The study tour exposed a dedicated group of Australian housing sector decision-makers to the reality that the housing crisis in Australia can be solved with resolve, innovation and dedicated long-term policy and institutional changes. While commitment to affordable housing has been long been a policy objective in Denmark, more remarkable is the substantial transformation the cities of Zurich and Vienna have undergone within the last decades by focusing on developing affordable housing for all. All three cities are rated among the world's most liveable cities.

This is inspirational – and as one study tour participant so nicely worded it:

**“Let’s take with us the humanity, connectedness and social responsibility that the Danish, Austrian and Swiss cultures take for granted, and inject that humanity back into our people at every chance we get. It’s just the civilised way of living together!”**



## About the Partners



The Business Council of Co-operatives and Mutuals (BCCM) is the national peak body representing Australian member-owned businesses. Formed in 2013, the BCCM is led by the chief executives of Australia's co-operative and mutual businesses in all sectors including agriculture, financial services, health insurance, retail, motoring services and human services.

The BCCM works to promote the role of member-owned enterprises in the national economy. With an estimated 2,000 co-operative and mutual businesses operating nationally representing a total of 14.8 million memberships, the BCCM highlights the contribution co-operatives and mutuals make to the economy and social development in Australia.

[bccm.coop](http://bccm.coop)



Griffith Centre for Systems Innovation (GCSI) has been incubated by Griffith University's Business School. An experimental Engagement Centre, GCSI explores ways to accelerate shifts to regenerative and distributive futures through systems innovation.

Combining theory and practice, across disciplines and sectors GCSI seeks to activate civic innovation, shape institutional innovation and imagine the systemic capital required to realise these more just and regenerative futures. The team apply the insights and learning from their engaged research to cutting edge postgraduate courses designed for adaptive leaders of the future.

In November 2024 GCSI's exploration period ends.

[griffith.edu.au/griffith-business-school/centre-for-systems-innovation](http://griffith.edu.au/griffith-business-school/centre-for-systems-innovation)

## The Australian Co-operative Housing Alliance (ACHA)



ACHA has been established to advocate for the benefits of the housing co-operative model and the growth and diversification of the social housing sector in Australia.

ACHA is an alliance of Registered Community Housing Providers that deliver co-operative housing, including Common Equity Housing Ltd (CEHL) Victoria, Co-operation Housing (WA), Common Equity NSW, Common Equity Housing S.A. and United Housing Co-operative (as a representative of Victorian independent rental co-operatives). ACHA is supported by the Business Council of Co-operatives and Mutuals (BCCM).

[acha.coop](http://acha.coop)



CEHL's newest co-op, opening in the heart of Melbourne in 2025.



