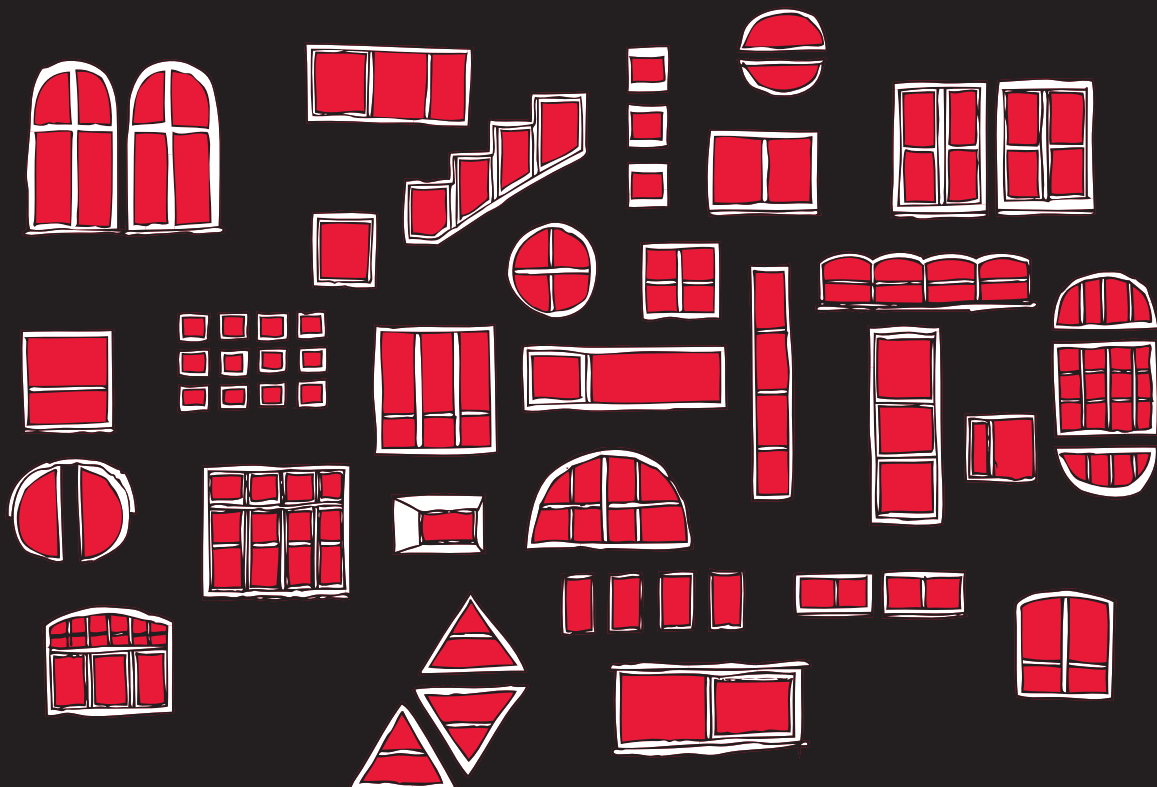
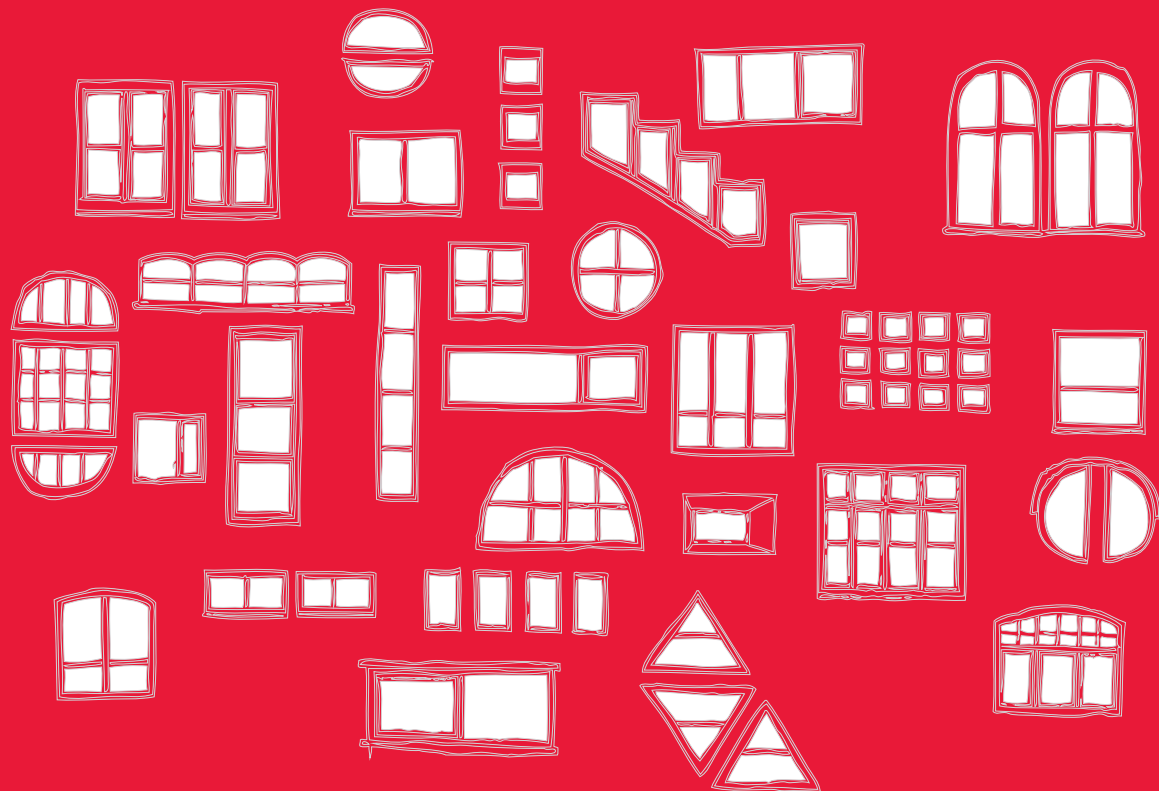


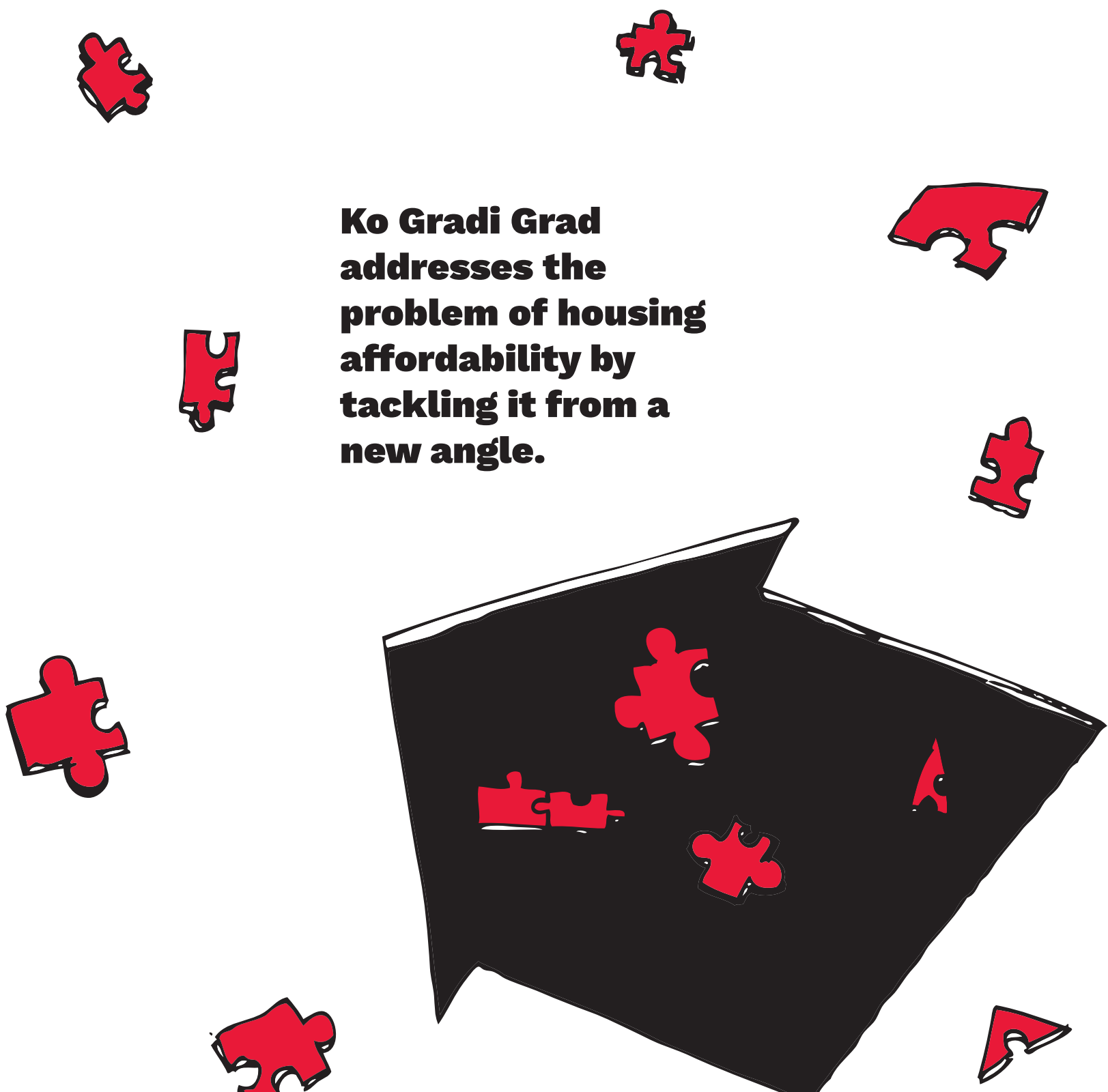
# **A novel model for affordable, cooperative housing in Serbia**



**Ko Gradi Grad**



**Introducing  
a novel model for  
affordable, cooperative  
housing in Serbia**



**Ko Gradi Grad  
addresses the  
problem of housing  
affordability by  
tackling it from a  
new angle.**

Following privatisation of socially owned housing stock, over the last three decades responsibility for provision and maintenance of housing in Serbia has shifted from the public to the private sector. High property prices combined with low incomes have left many people without access to adequate housing - a huge problem that currently neither state institutions or market forces are able to solve.

This brochure introduces a resident-driven approach that can help a substantial segment of the population to address these housing needs. Based on the "smarter building" approach developed by Ko Gradi Grad (Who Builds the City), a flagship building is being prepared to prove the concept.

Almost all of us are struggling with housing problems. Rather than solve these problems on our own, we can do it collectively - by sharing our resources and spreading our risks. If you want to contribute to resolving this significant issue - whether by participating in the pilot project, providing funding or other forms of partnership - we want to hear from you.

# What's the issue with housing in Serbia?

**A range of issues mean that the housing situation in Serbia poses a massive problem for a majority of the population.**

According to the Ministry of Construction, Transport and Infrastructure, the ratio of house prices to average household income in 2017 in Serbia was 10:1 if bought in cash or 14:1 if bought through a loan - far above the 5:1 ratio considered the limit above which people cannot meet their housing needs without institutional support.

This means that in practice, only an estimated 15% of the population can afford to buy an apartment on the open market without additional support. With so many people unable to afford their own apartment, 55.5% of households suffering

from overcrowding - one of the highest levels in Europe (Eurostat 2016).

In particular 67.6% of young people from age 18 to age 34 still live with their parents (Eurostat 2016). For many, this leads to an unhealthy dependence on the older generation, increasing the existing pressures that cause many to leave the country, or locks them into marriages which they cannot escape.

The 2012 National Social Housing Strategy recognised this huge challenge - but also identified an absence of systemic measures of housing

support. While 70% of households qualify for subsidised rental (2014), less than 1% of existing housing stock is available for this purpose (National Institute for Statistics 2013).

Even for those that do manage to own an apartment, their difficulties are far from over. 72% of households allocate over 40% of their income to cover basic housing expenses (the highest rate in Europe, Eurostat 2016), with the result that many are under threat of disconnection from utilities (heating, electricity, etc.) and may be threatened with eviction.

# Why a new citizen-driven approach is needed?

**T**he root of the housing problem is straightforward: a lack of affordability for the majority. To break the housing deadlock we need a new model, involving new actors, which makes it possible for a larger proportion of the population to resolve their housing situation on their own terms.

The greatest potential for this lies in solutions that are driven through collective engagement to enable those who cannot meet their housing needs to cooperate with others in a similar situation.

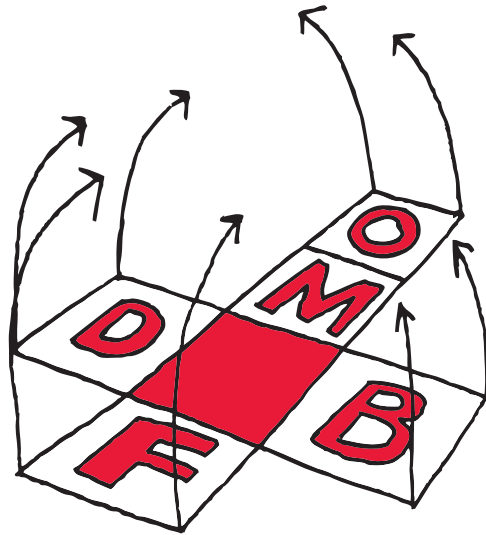
A cooperative approach offers a framework with affordability at its core. Here the developer is the community (rather than a corporation), sharing the costs and risks between a larger group. This approach builds on long-standing but neglected traditions of housing cooperatives and self-building in Serbia.



**It is clear that there is a need for housing alternatives.**

# How does it work?

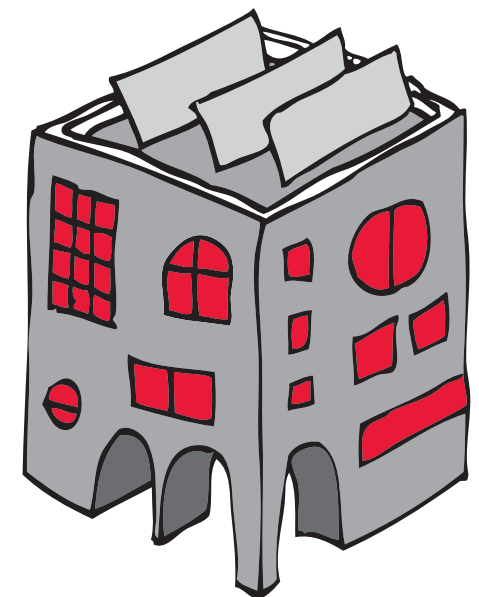
Our “smarter building” approach is centered around a cooperative of residents that designs, builds, finances, maintains and operates (DBFMO) a multi-apartment building. Because the cooperative manages this entire life-cycle and does not need to make profit, the resulting apartments are much more affordable for the residents.



The cooperative owns the real estate and takes on the loan necessary to pay for its construction, so that the cooperative members - individuals or households - collectively own the building. Because this prevents speculation on apartment prices by individual cooperative members, this ensures a sustainable as well as affordable option for the entire community.

**At less than 2/3 of the market average: lower costs ensure a safe and affordable future.**

As a resident of such an building, you pay an entry deposit before moving in, and then monthly payments that contribute to both the loan repayment and running costs (including utilities such as water and electricity). These contributions are set in advance so you will always know what to expect.



## In short: what makes this approach smarter?

The only way to ensure affordability is to set aside common assumptions about the current model of housing development. Ko Gradi Grad assumes that people have the desire to find alternative solutions, and the capacity to change their environment. By joining forces, the housing reality can be altered according to the following principles:



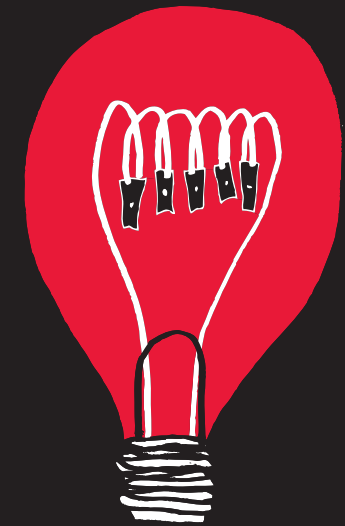
### **Build strength in numbers**

Meeting housing needs is one of the biggest challenges we all face. By joining forces to plan, pool our finances and our skills, and build together, we are less vulnerable than if we try to meet our needs individually.



### **Bypass the private developer**

Around 30% of the costs of an apartment go to the developer as profit. In the model presented here a group of residents takes on the role of developer themselves (and potentially take part in some of the construction) and thus save a large percentage of the costs.

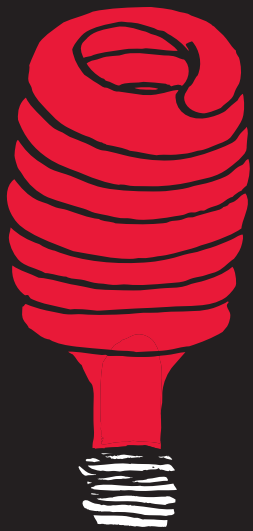


### **Raise finance collectively**

For many people, buying an apartment is the biggest investment they will make in their life. By acting collectively, the risk of investment is shared by many, and we have a much stronger position - for example, when discussing loans with a bank.







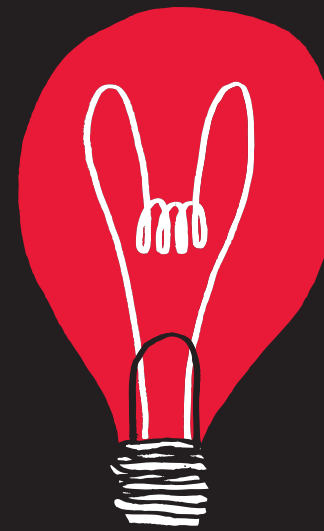
### **Don't waste energy**

Making apartments affordable requires taking into account long term utility costs from the start. The aim is to massively reduce the energy costs of the building, using "Passive House" principles to achieve high levels of insulation, complemented by efficient heating and ventilation technology.



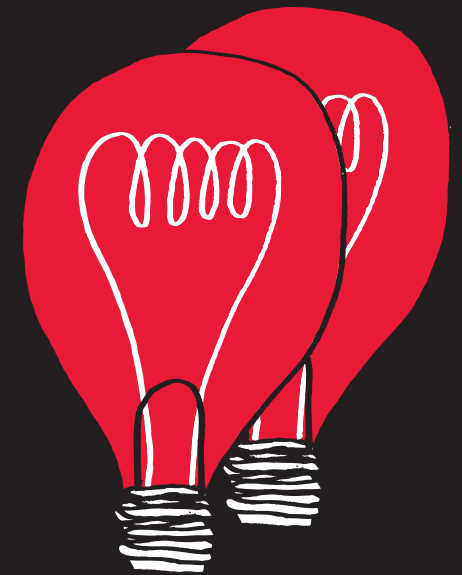
### **Extend living beyond the apartment**

An apartment building designed by future residents looks at what is really needed inside the apartment, what can be shared with others (laundry room, guest room, garden or roof terrace, etc.) and even what could contribute to the community - like a co-working space, a kindergarten, or even a small business like a restaurant.



### **Become mutual homeowners**

To keep prices down, apartments are owned by the cooperative, and cooperative members obtain the right to live in their apartment. If they leave, they cannot sell their apartment on the open market; their investment will be returned but no profit can be made. This keeps them affordable beyond the first residents.



### **Share the experience**

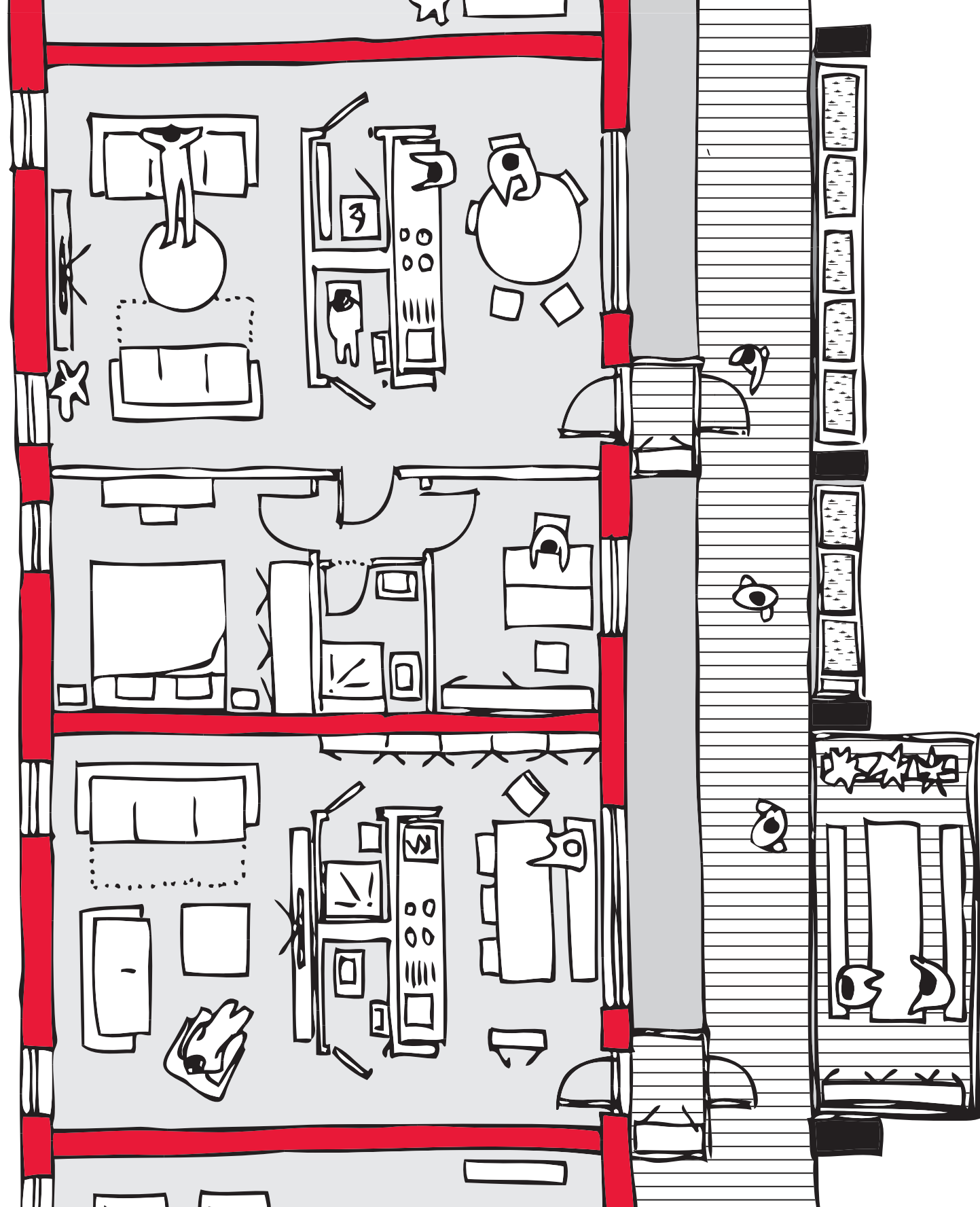
This model of living is new to Serbia. After we launch it successfully, it can be repeated in another neighbourhood, or even another city. Ko Gradi Grad will make the model freely available as open source, and support others to solve their housing problems in the same way.

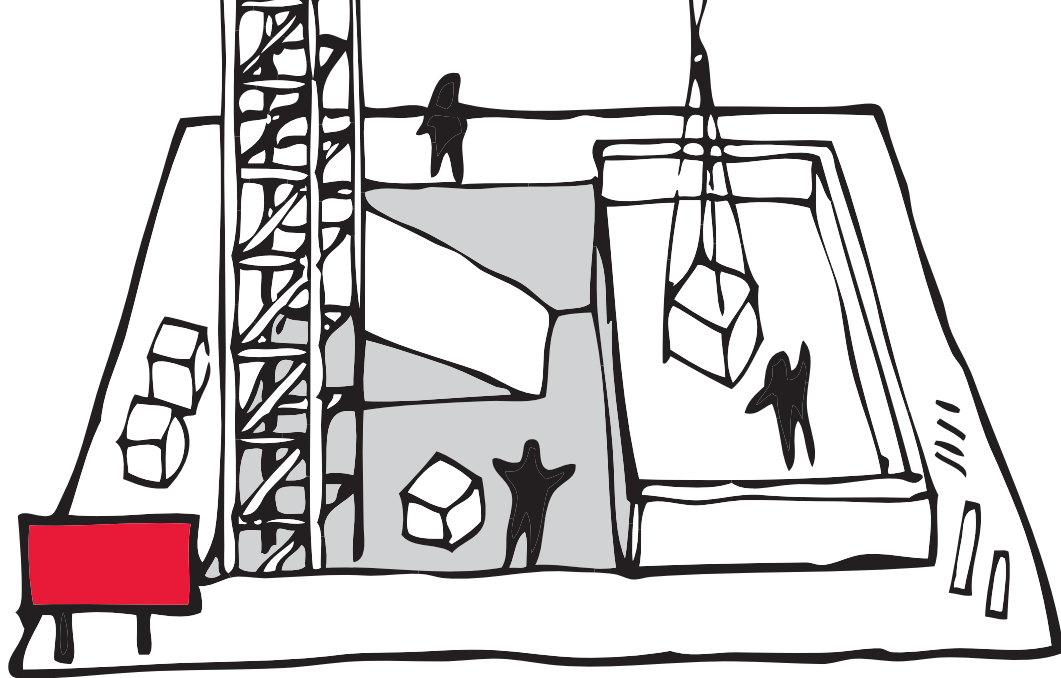


# The flagship building

**Ko Gradi Grad is preparing for the launch of its flagship development in Belgrade. A 4-storey, 23-apartment building for around 50 inhabitants.**

This development is intended for a range of people who cannot afford to buy an apartment by themselves, but would be prepared to join a more affordable collective approach, such as young people who want to become independent, those without a permanent job, those on average or lower incomes, and those looking for a sense of community.





**The units will range in size from 24m<sup>2</sup> to 84m<sup>2</sup>, totaling over 900m<sup>2</sup> of apartment space.** The approach is modular, and additional rooms can be added; the base housing unit is a 37m<sup>2</sup> studio apartment for up to two people, which includes a living/sleeping room, dining area and service zone.

**Using the Passive House energy efficiency standard, the development will cut utility costs (heating, electricity) by 40%,** reduce environmental impact, while use of good quality materials minimises maintenance costs.

**In addition, the building will include 10% of shared resident facilities (about 100m<sup>2</sup>),** which can provide opportunities for additional revenue generation (e.g. venue hire).

**The overall investment is estimated at EUR 950,000.** The cooperative will invest 20% of the equity needed for the construction of the building (based on 10% member participation and 10% donations), while the remaining funds will be obtained via a loan. The building will be delivered within 3 years from the launch of the project.

## Expertise and tools

**W**hile developing this new model, the Ko Gradi Grad team has built up its expertise and resources in a variety of different areas, including project management, legal experience, cost analysis and environmental impact. We have built partnerships with recognised experts in the fields of construction, law and finance, to ensure we arrive at the best approach to the challenge of long-term affordable housing.

We have developed an open source life-cycle cost analysis tool (LCCA) - the Open Financial Review Model (OpenFRM) - structured around the design, build, finance, maintain and operate approach. This provides detailed insight into the building and operating costs of multi-apartment buildings across their lifespan, and enables us to calculate and manage living costs over a 30 year period for different unit types. Visit [stambenipokret.rs](http://stambenipokret.rs) to learn more about OpenFRM.



## Part of MOBA: a growing network

Pioneering housing cooperatives across Central and South-East Europe face similar challenges. So in 2017, together with a couple of such cooperatives from the region, we formed MOBA Housing Network. Together we are building the necessary pool of technical expertise, organisational capacities and financial instruments to launch our pilot projects, and to take a lead from below in reinventing affordable housing throughout the region.

The core of the MOBA ([www.moba.coop](http://www.moba.coop)) consists of groups from Belgrade (Ko gradi grad),

Budapest (Rákóczi Collective), Ljubljana (Zadrugator) and Zagreb (Cooperative for Ethical Financing). Further housing cooperative initiatives from the region who expressed their interest in MOBA will join during 2019.

The network receives support from professional housing organizations urbaMonde (Switzerland and France) and World Habitat (UK), the open global cooperative Faircoop, the social investing service Sociálni Inovátori (Slovakia), and the Belgrade office of the Heinrich Böll Foundation.



## Examples from elsewhere

This new model matches the specifics of Serbia's housing context with insights from other housing initiatives over the last 10 years. While these ideas are new to the region, they have been shown to work elsewhere in Europe, and here we share three examples whose organisational principles, financial approach and design criteria have inspired us.

### Lilac Co-housing, Leeds

Lilac settlement is based on **Mutual Home Ownership**, a cooperative model in which residents are involved in the design and building of their homes, and democratically control the housing community in which they live. Each member has a lease which gives them the right to use a specified apartment owned by the cooperative.

Each household's monthly payment is set at 35% of its net income. This covers repayment of interest on the cooperative's bank loan, as well as management, maintenance and insurance costs. Members can buy additional shares as their income rises, while people on lower incomes are still able to secure a place in the community. Since the price of housing is not linked to the market, it remains affordable from one generation of occupants to the next.



Lilac also has an emphasis on the environment. The entire development was constructed using ModCell, a low-carbon technology based on super-insulated wall panels prefabricated from timber and straw. It is definitely something worth trying in Serbia.

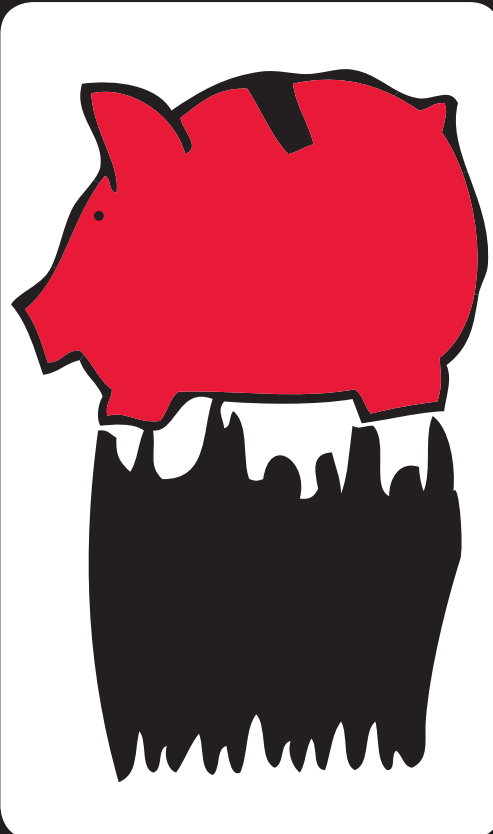
### Mietshäuser Syndikat, Germany

The Mietshäuser Syndikat (apartment-house syndicate) is a not-for-profit investment company for the joint acquisition of residential buildings. It was formed in 1989 by former squatters and housing activists in the city of Freiburg, and today it has a network of 136 housing projects across Germany.

Its primary aim is to support people who wish to self-manage their housing arrangements collectively and sustainably at socially responsible rent levels. By acquiring buildings, the Syndikat makes them independent

of landlords' plans to raise rents, demolish or convert those buildings.

The Syndikat provides financial, organisational and planning support to low-income groups with limited assets that wish to purchase residential buildings. The Syndikat has its own **revolving investment fund**, which enables the whole network of buildings to balance resources between different projects at different stages of development.



### Urban Coop Berlin



The Urban Coop Berlin (UCB) is a new **developer for cooperative housing projects** which initiates projects, connects those who would like to participate and facilitates the entire process from the first architectural sketch to the handover of keys. For each of their projects, a new housing cooperative is created.

Once the initial design and costing is complete, future residents reserve their apartments and contribute to a common fund based on the square

meter size of their apartment. This fund is used to secure a bank loan - banks usually expect that 20% of the total investment volume is raised upfront - which is needed to proceed with the building process.

The UCB team of experts moderates, facilitates and advances the planning and building process. They advise the future residents, plant the seeds for community development, and prepare them to take on the management of their building in the future.





**Housing in Serbia  
is facing a massive  
challenge. Join us  
to overcome it  
together!**

## About Ko Gradi Grad

**Ko** Gradi Grad (Who Builds the City) formed in 2010 in Belgrade and is now one of the leading not-for-profit organisations in the field of citizen-led housing initiatives in Serbia. Our team has experience in project management, multi-stakeholder facilitation and architectural design. We address housing issues from several directions, including legal advocacy and direct action, or successful awareness-raising campaigns in 2016 and 2018 on the issue of housing affordability in Serbia.

The here presented “smarter building” cooperative housing approach is the result of collective work including more than 50 public meetings, working tables, site visits, lectures with guest experts in relevant fields, from Serbia and abroad. In 2014 our team won an award in the European MILD Home (Modular, Intelligent; Low Cost, D-I-Y) architectural competition. In 2017 Ko Gradi Grad became one of the founding members of the MOBA Housing Network, developing new ways to finance and propagate housing cooperatives across Central and South-Eastern Europe.

To deliver support for this novel approach throughout Serbia, in 2018 we set up the platform Stambeni Pokret (Housing Movement, [stambenipokret.rs](http://stambenipokret.rs)), both to introduce the cooperative model and to offer resources to like-minded groups.

## IMPRINT

### **text, design & illustrations:**

Ko Gradi Grad

### **publisher:**

Ko Gradi Grad, Belgrade

### **print:**

ATC, Belgrade

### **supported by:**

Heinrich Böll Foundation, Belgrade office

**[www.stambenipokret.rs](http://www.stambenipokret.rs)**

**[www.kogradigrad.org](http://www.kogradigrad.org)**

**[info@kogradigrad.org](mailto:info@kogradigrad.org)**

**CC BY-NC-SA**

**Belgrade, December 2018**

CIP- Каталогизација у публикацији  
Народна библиотека Србије

351.778.5(497.11)  
728.2/.3(497.11)  
316.334.56(497.11)

A novel model for affordable, cooperative housing in Serbia /  
[text, design & illustrations] Ko gradi grad.- Beograd : Ko gradi grad,  
2018 (Beograd : ATC).- 23 str. : ilustr. ; 25 cm

Tiraž 300.

ISBN 978-86-80876-03-0

1. Ko gradi grad (Beograd)

a) Стамбена изградња- Србија  
b) Становање- Србија

COBISS.SR-ID 272071948

