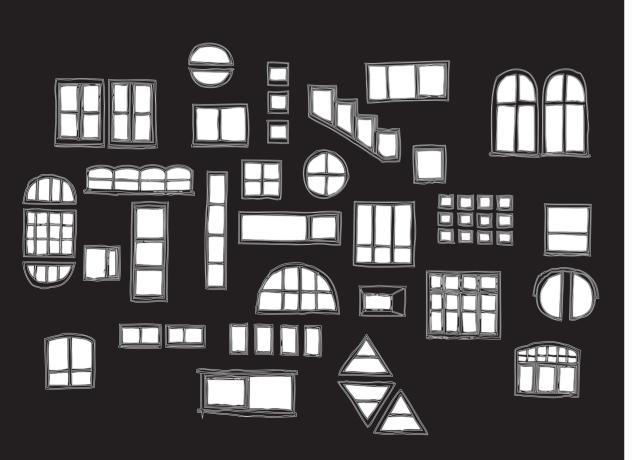
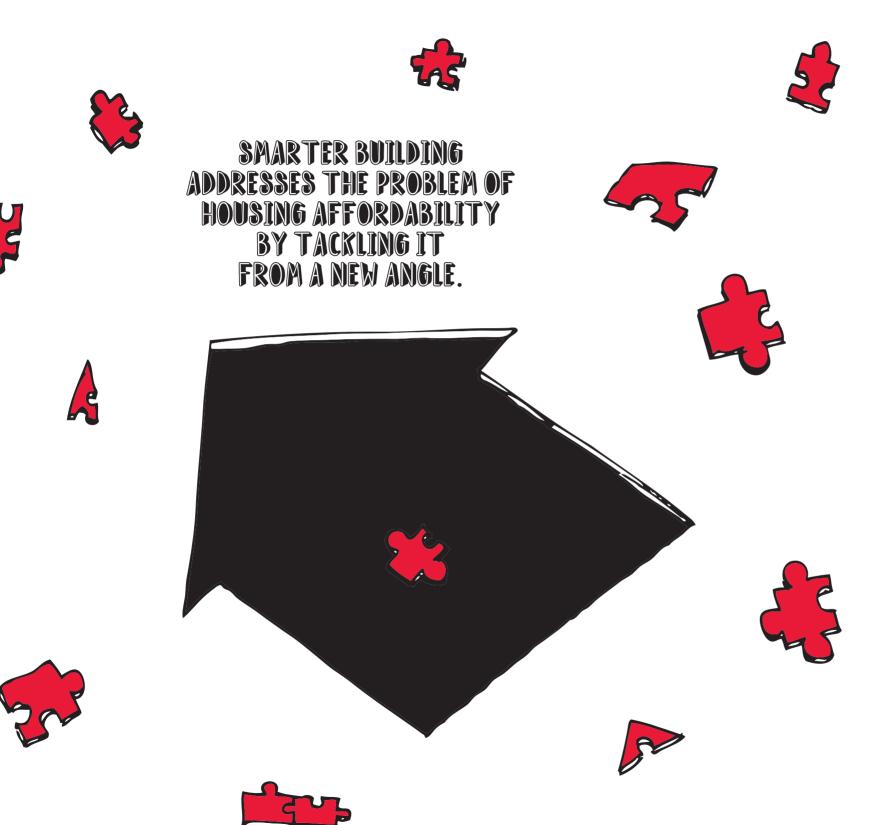


KO GRADI GRAD



SMARTIS WELCOME TO BUILDING



Housing in Serbia is in crisis. Over the last 25 years, housing has been transferred from collective to private ownership, which has shifted responsibility for the provision of housing to the private sector. Smarter Building was initiated in 2012 by the platform Ko Gradi Grad ("Who Builds the City") to challenge this model.

This brochure explains the nature of the housing crisis and introduces a citizens' driven approach that might be able to help a substantial segment of population to address their housing needs. Smarter Building will be launched as a prototype to prove this point - and we are looking for support for this effort.

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

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

Housing in Serbia is almost entirely left to market forces, but 90% of households do not qualify for a mortgage. The ratio of household income to house prices in Serbia is 13:1 - far above the 5:1 ratio considered the limit above which people cannot meet their housing needs without institutional support.

For those that do manage to secure an apartment, their difficulties are far from over. Recent Eurostat data reveals that 70.8% of households struggle to cover basic hous-

ing expenses, with the result that many are under threat of disconnection from utilities (heating, electricity, etc.), and may even be threatened with eviction.

Many people are unable to afford their own apartment, which leads to some of the highest levels of overcrowding in Europe (53.4% of households, according to Eurostat). For many young people, this leads to an unhealthy dependence on older generations, this dynamic increases the existing pressures that cause

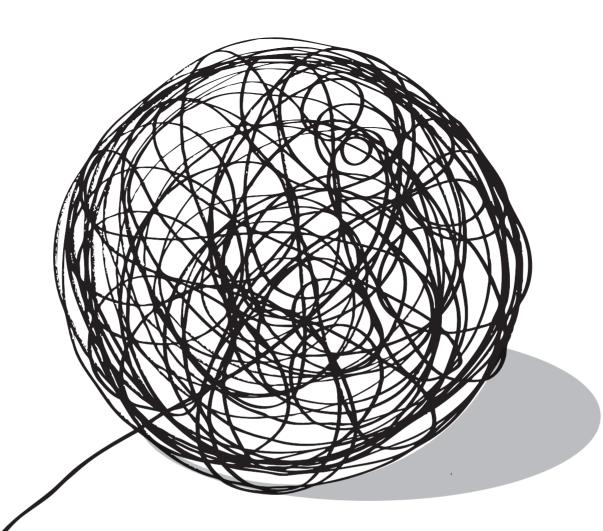


many to leave the country. For others, this can lock them into marriages which they cannot escape.

Despite the fact that 70% of households qualify for social housing, less than 1% of existing housing stock is available for this purpose. The 2012 National Housing Strategy states that there is a huge discrepancy between needs and possibilities, and an "absence of systemic measures of housing support to such households."

WHAT IS NEEDED?

BREAKING THE HOUSING DEADLOCK



CITIZENS' DRIVEN APPROACH The increased state involvement required by the Housing Strategy is not enough; 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 outside of the market.

The greatest potential for this lies in solutions that are driven by collective engagement by people themselves, to enable those who fall on or under the borderline to qualify for a mortgage to realise their own housing solutions.

Such a cooperative approach lowers costs by removing the middleman, making the developer the community, rather than a corporation. Cooperatives share the costs and risks between a larger group, rather than leaving the individual on their own. This approach builds on long-standing, but neglected traditions of housing cooperatives and self-building in Serbia.

SMARTER BUILDING: AFFORDABILITY FIRST

The root of the housing problem in Serbia is straightforward: a lack of affordability for most of the population. Smarter Building therefore puts the affordability of apartments and lower living costs at its core.

asking We started ourselves: what would make housing affordable? The specific situation of an impoverished population living in a mix of privatised apartments, private rental apartments. self-built housing by individual families and a marginal number of apartments backed with a mortgage, made it difficult to develop a solution that could be applied to a wide range of people.

We therefore looked at the statistics to find out how much people pay for their monthly housing costs, and found that on average households spend 15-20% of their income on housing expenses, mainly to cover household bills. This figure presents an opportunity

and an objective that we can aim towards.

Is it possible to build good-quality apartments that cost the inhabitants €80-100 per month, including heating, electricity etc., for a 42m2 apartment, the most sought-after size on the market? This is a real challenge - but if it can be met, it could change the lives of many families.

interested in building a decent apartment somewhere in Belgrade at 300-400-500 euro/m²*? For majority of people, getting an apartment according to these prices is the only reasonable option. Without getting yourself into debt and unpayable loans, living in impossible conditions or waiting for your relatives to move to the countryside or to Heaven. Who, why and how can make this impossible possible?

(from initial call to the start of Smarter Building, December 2012)

^{*} Price of an apartment developed by the Construction Agency of Serbia, including all on site infrastructure, is 550 euros per square meter. This price doesn't count the land and interest on the mortgage. However, these apartments are sold for 1.270 to 1.320 euro per square meter, VAT excluded, which makes them only slightly cheaper than the average market price.

WHAT MAKES THIS BUILDING SMARTER?

The only way to ensure affordability for a wide range of people is to set aside many of the common assumptions about housing development in Serbia. Smarter Building counts on the desire of people to do things differently, and the capacity of people to do things for themselves, but takes this to another level through collective organisation.





BUILD STRENGTH IN NUMBERS

Meeting our housing needs is one of the biggest challenges we all face. By joining forces to plan, invest (not only in terms of finance, but also with our time, knowledge and skills) and build together, we will be less vulnerable than if we try to meet our needs by ourselves.



BYPASS THE PRIVATE DEVELOPER

Around 30% of the cost of an apartment go to the developer as profit. With some professional support, a group of citizens can take on the role of the developer themselves (and potentially undertake some of the building themselves) and thus save a large percentage of their costs.



RAISE FINANCE COLLECTIVELY

For many people, buying an apartment is the biggest investment they will make in their life. By acting as a collective, the risk of investment is shared by many, and we will have a much stronger position as a collective, whether for taking out a mortgage or negotiating with the authorities.

WHAT MAKES THIS BUILDING SMARTER?





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



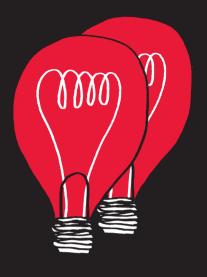
EXTEND LIVING
BEYOND THE APARTMENT

Apartments designed by future residents should look at what we really need inside our apartments, what we can share with others (laundry room, guest rooms, garden or roof terrace, etc.) and what else can contribute to the community - like having a co-working space, running a kindergarten, or even starting a small business like a restaurant.



BECOME MUTUAL HOMEOWNERS

To keep prices down, apartments are owned by a co-operative formed by residents, while individual residents buy the right to live in their apartment. If you decide to leave, your investment will be returned but you will not make a profit. Apartments are not sold on the market, and so they are not only affordable for the first residents, but also for future generations.



SHARE THE EXPERIENCE

This model of living is new to Serbia. If we can launch it successfully, it can be repeated in another neighbourhood, or another city. It is therefore important to make the model freely available as open source, to enable others to solve their housing problems in the same way.

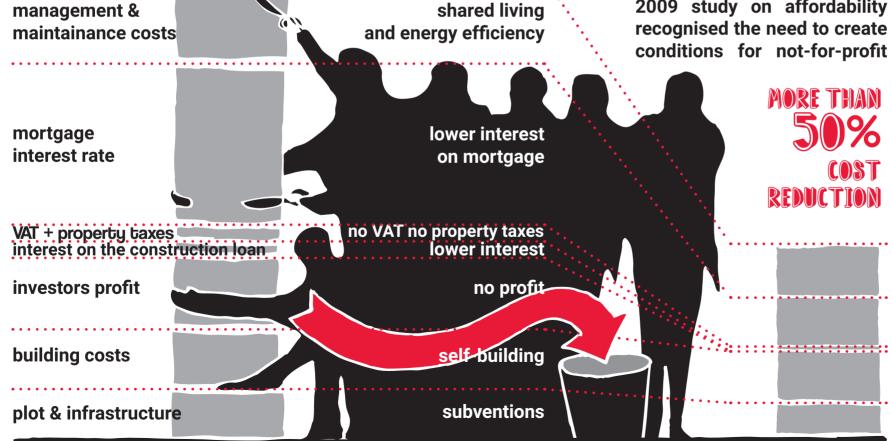
ARE WE THERE YET?

Smarter Building shows the potential of a different approach to housing - one that is more affordable. lowers the vulnerability of individual households, and provides solid foundations for more robust communities.

If citizens take the lead in the construction of a new generation of apartments, it could result in a dramatic reduction in ongoing costs related to housing. The Smarter Building approach can potentially bring these costs down to an estimated 25-30% of the household budget, although this still excludes the initial capital. That is impressively low, and an important achievement.

However there is a limit to what self-organised groups can do on their own, and it is not enough to address the severe housing issues in Serbia. If housing is to be made affordable to a large part of population - including achieving a goal of housing costs at 15-20% of household budget - other measures have to be taken.

The Serbian government's 2009 study on affordability



housing that would bring the costs 50% below the market price (see diagram), which might include: land dedicated and given to use under favourable conditions, support in finding starting capital (interest free or favourable interest loans, possibly establishing special funds), reducing interest on mortgages and construction loans, lowering or removing investor profits, and removing VAT and property taxes for projects that include more economically struggling categories, exemptions when buying construction materials, etc.

According to the current legislation (Law on Cooperatives, Art. 12), housing cooperatives are entitled special benefits and support by the state, cities and municipalities. Today, this is still far from reality. State and municipal authorities will need to set these conditions favourable to establishing affordable. non-speculative housing, and other public or private institutions will need to provide support.

HOW CAN I CONTRIBUTE TO SMARTER BUILDING?

This housing model for Serbia is visionary and ambitious, but our initial proposal is tangible and realistic. We need to build the first Smarter Building as a prototype for a more affordable model of housing. We are therefore looking for individuals and institutions, both public and private, that want to help make this prototype a reality. By implementing it we aim to build the technical. social, financial and political capacity of citizens to undertake such a project, and to

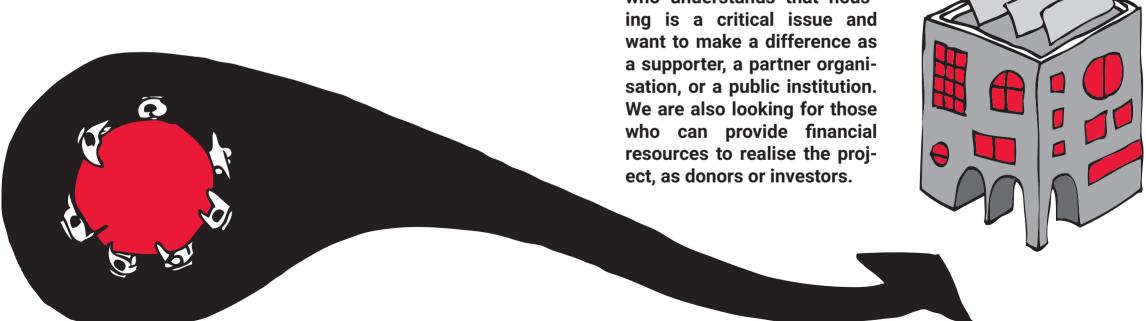
improve the quality not just of housing conditions, but also of life in Serbia.

Ko Gradi Grad is taking up the challenge to launch thise first Smarter Building prototype in Serbia: a building with 30-40 apartments, the optimal size for reducing costs. We estimate that it will take 3 to 5 years to complete the first block of apartments, from the day the group meets for the first time to the day that the first residents move in.

This will be a pioneering effort. As with all pioneering efforts, it will need support from individuals from a variety of backgrounds and professions, as well as organisations that want to see this effort succeed. Hopefully, you can recognise yourself in this, perhaps even as a future resident!

Realising the first Smarter **Building is a learning process** that requires a serious investment. It needs partners: those who understands that hous-

SMARTER BUILDING 3 TO 5 YEARS THROUGH A LEARNING PROCESS



EXAMPLES FROM ELSEWHERE

The housing challenge has been taken up by many initiatives in many countries. Here we share a few whose organisational principles, financial approach and design criteria inspire us, so you can see what other communities have done to help themselves.

Vrijburcht, Amsterdam

Vrijburcht is a housing block that opened in 2006 - but it is much more than that. When its future residents started planning for Vrijburcht, they quickly realised that they could do more than just build 52 apartments: they could include working spaces, a common garden, two small guest apartments, a neighbourhood café, a kindergarten and a local cinema/ theatre. Some of these spaces would be realised with support of external co-financiers, and they would contribute to the economy of the block.

If the members had acted individually, they would not have been able to achieve this, but by "commissioning" the development of Vrijburcht together many things became possible, and within the average price range for the area. This idea of "collective commissioning" started in the Netherlands some 15 years ago, but has not been seen in Serbia before.



Vrijburcht was built on a plot of land leased from the city of Amsterdam for 99 years, following a public competition for collectively driven housing construction which the Vrijburcht group won. Following the success of the project Amsterdam launched a web-based map showing potential locations for collective construction, including the number of apartments possible to construct and the date when construction could start.

Vrijburcht includes six small apartments for young handicapped persons, financed through public funds for social housing, showing that this kind of out-of-the-ordinary housing can be included in an "ordinary" community.

*

CLT, Brussels

Community Land Trusts started in the USA in the 1960s, and are now becoming more common in Europe. CLTs provide the opportunity to build affordable apartments while protecting residents and the wider neighbourhood from property speculation.

In order to do this, the apartments and the land they are built on are legally separate. A CLT acquires land through donations or grants, usually from a municipal authority, but it cannot legally profit from that ownership. The land is removed from the market and the CLT then leases the land to others to build affordable apartments.

The origins of CLT Brussels are in the housing crisis that emerged in Brussels from 2000 onwards, with house prices doubling by 2010. Traditionally housing policy in Belgium has been largely focused

on supporting homeownership, with very little social housing built despite increasing demand. At the same time, and similar to the situation in Serbia, existing programmes were no longer able to make homeownership affordable for low-income groups.

CLT Brussels was initiated in 2010 by 15 associations to promote this model, and after lobbying the government they received funding in 2012 to start the CLT. Decisions in a CLT are under "community control". In the case of Brussels, this means a group that is ½ (future) residents, ½ neighbourhood representatives, and ½ public officials. The first CLT Brussels apartment building opened in 2015.



EXAMPLES FROM ELSEWHERE

Lilac Co-housing, Leeds

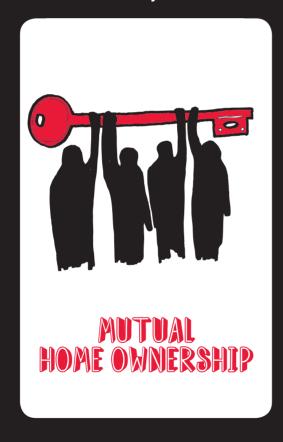
CLTs provide an alternative to private ownership of land, but the residents are usually not involved in the development. Mutual Home Ownership schemes are similar to CLTs, but are based on a cooperative model in which residents are involved in the design and building of their homes, and democratically control the housing community in which they live.

One such community is the Lilac Co-housing settlement in Leeds. Each member has a lease which gives them the right to use a specified apartment owned by the cooperative. The cost of building the homes have been financed by a mortgage from Triodos, an ethical bank.

Each household's monthly payment is set at 35% of its net income, independent of the actual level of their income. This covers the interest payments to the bank, and includes management, maintenance and insurance costs. Members can buy more 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 was constructed using ModCell, a low-carbon modern technology based on super-insulated wall panels prefabricated from timber and straw. This construction system has been an inspiration to the Smarter Building project. It is definitely something we would like to try 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 has a network of 121 housing projects and 23 project initiatives across Germany.

Its primary aim is to support people who wish to organise their housing arrangements collectively and sustainably at socially sound rent levels – in self-managed buildings of their own, making them independent of landlords' plans to raise rents, or demolish or convert buildings.

The Mietshäuser Syndikat provides financial, organisational and planning support to low-income groups that wish to purchase residential buildings but possess few or no assets. A key element is that the Syndikat has its own revolving investment fund, which enables the wider network to balance resources between projects at different stages of development.

In some projects the Syndikat seeks to bring in administrators

and policymakers as partners when looking for suitable properties or when converting sites, and to offer them alternatives to selling municipal real estate and land on the open market.



* * *

ABOUT KO GRADI GRAD:

The Smarter Building model has been created and developed since December 2012, within the platform Ko Gradi Grad ("Who Builds the City"), considering the specific housing conditions in Belgrade and Serbia. Ko Gradi Grad is addressing the housing issue from several directions, including legal advocacy and direct action. We organised more than 30 meetings, working tables, site visits, lectures with guest experts in different fields, from Serbia and abroad. This proposal is a result of this collective work done so far, that involved 30-40 people. As such it was recognised and awarded on the MILD Home (Modular, Intelligent; Low Cost, D-I-Y) architectural competition, that in 2014 took place in five European countries at the same time, and was organized in Belgrade by Municipality Savski Venac. In 2016, we focused on community based financial models to realise this idea and made an awareness campaign on affordability of housing in Serbia. For the upcoming years Ko Gradi Grad has set out to realise the first **Smarter Building prototype.**

IMPRINT

text, design & illustrations:

Ko Gradi Grad **publisher:**Ko Gradi Grad

NO Gradi G

print:

ATC, Belgrade, 2017

print run:250 copies

supported by:

Heinrich Böll Stiftung, Belgrade office & Creative Industries Fund NL

www.kogradigrad.org info@kogradigrad.org

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CIP - Каталогизација у публикацији -Народна библиотека Србије, Београд

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

Housing from Below: A Smarter Building Model for Affordable Housing in Serbia / [text, design & illustrations Ko gradi grad]. - Beograd: Ko gradi grad, 2017 (Beograd: ATC).

- 23 str. : ilustr. ; 25 cm

Tiraž 250.

ISBN 978-86-80876-00-9

- 1. Ko gradi grad (Beograd)
- а) Стамбена изградња Србија b) Становање Србија

COBISS.SR-ID 230628108

