

Homes for have-nots

Co-ops are the residential alternative of choice for the less well-off | By Tong-Jin Smith

In the fall of 1999, the historical buildings on Gneiststraße and Buchholzer Straße in Prenzlauer Berg went up for sale. The tenants were alarmed. They had seen other houses in the area sold off to investors who either converted the Wilhelminian tenements into condominiums or simply hiked up the rents, forcing many people to move out. To prevent this from happening, 43 neighbors joined forces in January 2000 to found the Bremer Höhe co-op.

"It wasn't easy," recalls Ulf Heitmann, one of its founding members. "Starting the cooperative was one thing, buying the houses was another." However, with a lot of courage, public support and dedication, along with a significant financial effort by its growing number of members, the co-op bought the 521 apartments in question.

Renovation began in 2001, which included combining smaller units into larger ones to make more room for families. By 2003 Bremer Höhe had achieved the almost impossible and converted a run-down block of brick tenements into 460 modern, energy-efficient homes while saving the neighborhood from gentrification.

Today, the co-operative has around 600 members and owns 650 apartments

and commercial units in different parts of Berlin. "We're small by comparison to some of the older co-operatives," says Heitmann. "But we are often approached by tenants who would like us to buy their apartment building to save it from speculative investors and to manage it for them. But we do not operate like a municipal housing enterprise that can use public subsidies to keep rents below the local index. Although membership is not mandatory, co-ops thrive on it, for it includes a financial stake in return for life estate in one

of the co-op's apartments. It's a give-and-take based on solidarity."

At Bremer Höhe, the stake consists of ten mandatory shares worth €5,112.90, plus a €100 entrance fee. In return, members do not pay rent but rather a user fee of around €5 per sqm, which is lower than what one might generally pay for a public housing unit. But there is more to owning a stake in the business than affordable life estate. Co-ops represent a "third way," a mix between capitalism and socialism that relies on communal commitment. They are not focused only on making money. Instead, co-ops invest in their community and real estate to ensure continuity and sustainability. They own the real estate but manage it in the interest of their members, who have a full say. "One vote per member," explains Heitmann, "no matter how many shares you own." In Germany the first co-ops were founded in the mid-19th century in the wake of social and economic reforms.

By the early 20th century, co-ops had become the residential alternative of choice for workers and have-nots who were subject to the arbitrariness of tenement owners and speculators. Instead of cramped, dark rooms in dirty back courtyards, co-ops offered their owner-tenants modern sanitary facilities, light and airy homes – often with large communal gardens and other social features – at affordable rates. Kindergartens, libraries, clubs and even pubs became features of Berlin co-ops.

"The new dimension of co-ownership, co-management and solidarity included the extension of occupant rights and opportunities to create new forms of living together," explains Barbara von Neumann-Cosel, an expert on co-operatives. "Members received hard and fast warranties such as protection



Ulf Heitmann

against eviction, life estate and a say in all matters. These novel co-op standards later served as a blueprint for anti-eviction laws." Social responsibility and participation have always been central to the co-op idea, no matter how the organizations may otherwise differ. And they still set examples for urban development.

"Every co-op really has its own flavor," says Ulf Heitmann. There are traditional ones like "1892" – named for the year it was founded – with more than 14,000 members from all walks of life. It owns close to 6,800 apartments all over Berlin, including in areas that used to be social hotspots, and operates its own savings institution as a means of generating capital to create more homes and social institutions. There are very small ones, with less than 50 members, that manage a single house or block – a rather recent phenomenon.

One is Innerstädtisch Wohnen, which built a multi-family apartment house with 31 units on an empty lot in Prenzlauer Berg – a nucleus for co-ops founded after German reunification. This intergenerational, ecological complex was completed in 2011 and has inspired other alternative, affordable housing projects. "A disproportionately high number of our members are freelancers," says Heitmann,

"academics with a marginal income. They could never afford to buy a home of their own because they lack the minimum equity required for banks to grant them a loan, even with the current low interest rates."

This holds true for many Berliners. The city has traditionally been a tenant city, where close to 90 percent of all homes are rentals. With current net population increases of more than 40,000 annually, market pressures are high. The citywide vacancy rate has dropped below 2 percent, while in some popular districts it is close to zero, which has resulted in a rather uneasy situation.

Property prices have shot up in the last few years due to speculation and increased urban density. In addition, building costs have been steadily climbing as government regulations in energy efficiency, soundproofing and fire protection have increased. "As co-ops, our capital resources are generally weak," Heitmann says. "Since we are not municipally affiliated, we do not qualify for government aid that public housing enterprises receive. On the other hand, we are not capital-driven project developers with investors backing our endeavors. So it has become rather impossible for us to build new homes."

However, if Berlin followed Munich's example of using a fixed-price procedure for public tenders, co-ops could throw their hat into the ring with convincing, sustainable concepts. But as long as Andreas Geisel, Berlin's senator for urban development, thinks that co-ops are "just another private developer," factors will remain as they are: low home ownership, high social expenditure and ample gentrification.

With the right political instruments, co-ops could play a decisive role in Berlin's future. After all, they have been at the forefront of both modern housing design and social development while changing the faces of many neighborhoods and innovating new forms of ownership and participation. T-JS



Co-ops can be elegant, too. Schillerpark, part of the "1892" co-op, is part of the renowned Berlin Modernism Housing Estates and a UNESCO World Heritage Site.