



# INNER-CITY WELLINGTON

Te Reo Pokapū o Pōneke

VOICE OF TE ARO AND WELLINGTON CENTRAL

## The inner-city apartment revolution: think rooftop vegie patches and beehives

A quiet revolution is underway in the inner-Melbourne suburb of Brunswick, where a group of uncompromising young architects, investors and residents are rewriting the rule book on inner-city apartment living.

The long retail spine of Sydney Road, Brunswick, just north of Melbourne's CBD, was once a prosperous trading outpost on the way to the goldfields. These days it's a bohemian mix of variety stores, op shops, halal butchers and Lebanese bakeries. Take a side street to the west, however, and a different picture emerges. Sandwiched between Sydney Road and the Upfield train line is an area undergoing rapid and widespread transformation. Light industry is fast being replaced by mid-rise apartment buildings, their inhabitants attracted by the short commute into town and cheaper prices than in the city's south-east.

The quality of these units is, on the whole, depressingly bad; think poor ventilation and bedrooms that "borrow" natural light (a weasel word for being dark and windowless). The occasional jazzy façade tries feebly to make up for otherwise cheap construction amid a chorus of greys. At ground level, carpark roller doors alternate with mean pocket gardens, interrupted by empty retail space.



Breathe Architecture's Jeremy McLeod, the man behind the innovative Nightingale 1 project and The Commons, both in Brunswick, Melbourne.

*Photo: Kristoffer Paulsen*

In the middle of all this, almost 10 years ago, architect Jeremy McLeod and a band of small-scale investors pooled their cash to buy a vacant industrial building at the cul-de-sac end of Florence Street. The whole block, now home to 24 apartments, cost them \$565,000 – less than the price of

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a one-bedroom apartment in the area today. As the director of Brunswick-based Breathe Architecture, McLeod had a big plan: to build the greenest apartment building in Australia.

The Commons, as that building became known, has good reason to claim the green crown. Its materials were carefully selected for their eco-credentials. The floors were made from recycled timber, the light fittings from mild steel instead of more energy-intensive aluminium. The taps and door handles were forged from locally manufactured brass in place of environmentally harmful chrome. The windows were double-glazed, and exposed concrete was used on the walls and ceilings to improve heat retention in winter and cool the apartments in summer. Solar panels on the roof reduced energy bills even further.

Each apartment was allocated its own veggie patch, part of an extensive rooftop garden that's home to a productive beehive. A blackboard is used to advertise surplus produce to residents. Climbers planted just three years ago thrive along the tensioned chains that line the north elevation, filtering sunlight inside.

Everyone shares a laundry. At street level, instead of a yawning entry to parking spaces – controversially, there aren't any – there's an organic-wine shop and a cafe. Both share the building's urban industrial aesthetic, sporting polished concrete floors, exposed pipes and recycled brickwork. In summer, the cafe serves cold brew coffee with an orange wedge. You get the picture.



Residents of The Commons opted to do without car parking, directing its architects to design for less-polluting transport choices.

Photo: Kristoffer Paulsen

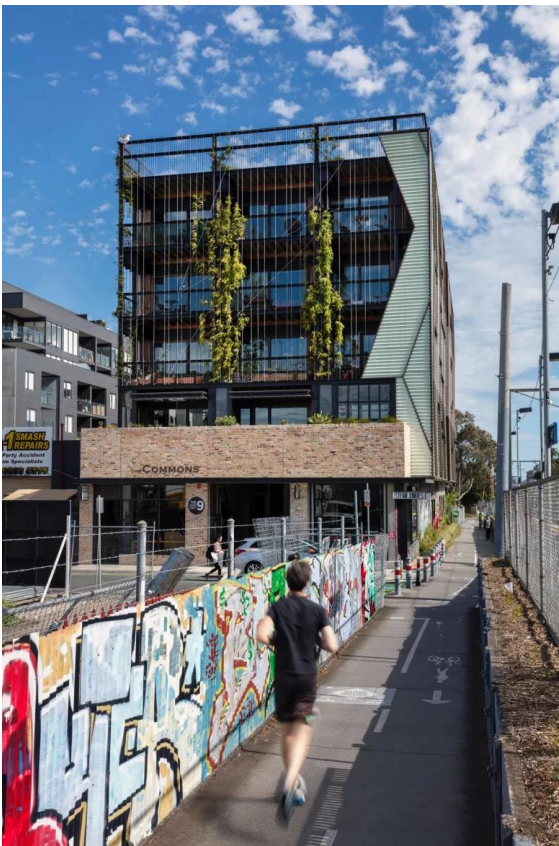
In setting out to design the most sustainable building he could, McLeod had to say no to a lot of things: no slick surfaces, no volatile organic compounds (cheap paint, in layman's terms), no airconditioning. The little energy that The Commons buys is sourced from renewable energy suppliers.

The apartments overlook a city train line in an area with few parks and is, for the most part, a joyless streetscape. Yet 22 of the 24 units sold off the plan. The buyers were mostly under 40, predominantly singles and couples who paid from \$390,000 to \$590,000 by 2013 for one- and two-bedroom apartments, bigger than the norm.

The Commons went on to win multiple architecture and design awards, and was the cross-category winner ("the Best of the Best") in the national 2014 Sustainability Awards. Furthermore, the project proved to McLeod that there was a market for "deep green" design: a market the real-estate industry was largely blind to. What began as a project mushroomed into a movement, spreading first elsewhere in Melbourne, then interstate.

The innovative thinking expanded, too, with McLeod and his cohorts turning upside down not only traditional notions of apartment design, but also the way such projects are financed, bought and sold. Theirs is a David and Goliath story: a tale of how a few passionate novices took on state planners, big banks and the dead hand of the property industry, and won. The prize was something hard to come by in Australia: good quality, eco-friendly, affordable housing. The slingshot was a little matter called community.

Community is top of mind for McLeod when I meet him at Breathe Architecture, based at the back of The Commons. Tucked behind the cafe, next to a chock-a-block bike park, the offices occupy a smart, practical and simple space. Dressed in his standard uniform of jeans and sneakers, 45-year-old McLeod is, as ever, also wearing his trusty flat cap.



Vertical gardens are a feature of The Commons.

*Photo: Diana Snape*

Born in Albury on the Victoria-NSW border to parents who were nomadic social campaigners, McLeod relocated frequently as a child, enrolling in no fewer than nine schools. "It taught me to be adaptable and robust, but to this day I hate moving," he says. Having decamped into The

Commons on its opening in 2014, he intends never to leave. He recounts how as a child he was dragged from pillar to post on one demonstration or another. "I remember my first protest, on the lawn in front of old Parliament House in Canberra. I was eight." Auspiciously, he was rallying for affordable housing.

While McLeod's parents instilled in him a sense of environmental responsibility, it was the University of Tasmania, then the only institute with an environmental design degree, that helped turn his ambitions into a practical skill set. Following graduation, McLeod was hired at Melbourne architects Fender Katsalidis.

This was the early 1990s, and Melbourne's CBD was a residential desert. Nonda Katsalidis began changing that with his 1994 Melbourne Terrace, one of the first new apartment blocks in the CBD. Located close to the bustling Queen Victoria Market, it had spacious interiors and high ceilings, good-quality fittings and fixtures, and generous balconies. Most importantly, it was surrounded by shops and cafes. It demonstrated for the first time just how great Melbourne city living could be. (Fender Katsalidis went on to design two other landmark CBD apartment blocks in the city, the Republic and Eureka towers, and gave Hobart its Museum of Old and New Art.)

Melbourne Terrace was a risky experiment: apartments were considered second-class housing at the time. It succeeded in part because Katsalidis had part-funded the project himself. Katsalidis wasn't the only architect speculating on the city's future growth by buying neglected blocks and turning himself into a developer. McLeod took a leaf out of his boss's handbook: to cut through as an architect, you needed to be able to talk spreadsheets – and if necessary, put your own money on the table.

That's exactly what McLeod did, leaving Katsalidis to found Breathe Architecture in 2001. After a few years designing restaurants, bars and modest homes, he went on the hunt for a site to put his sustainable ethics to the test. It was 2007, around the time of the federal election that put Kevin Rudd into the Lodge.

"We had just come out of heatwaves and a massive drought in 2006, and climate change was on everyone's mind in that election," says McLeod. "Brunswick had a huge Green vote, so we just thought, 'This is the place to build.' Plus, I lived in the area and loved how it represented old Brunswick. It was a melting pot where everyone felt welcomed and included."

He and five other investors raised \$1 million, which paid for the Florence Street block and funded the legwork required to get development permits. The investors included Anne-Marie Spagnolo, founder and director of Ethical Investment Services, whom McLeod describes as "a legend, a mentor and a massive champion". Needing a further \$7.1 million to start construction, they found a bank to lend them the money. Then the global financial crisis hit. Overnight, the bank revoked the offer.

For an unconventional development in the back blocks of Brunswick, in the middle of a sharply contracting property market, the future looked grim. "It felt like we had hit a brick wall," says McLeod. "Without construction finance the project was going nowhere and the whole thing would have fallen over."

Not long prior, McLeod had been in discussions with a young couple, Danny Almagor and Berry Liberman, who wanted him to design an apartment block. Berry, a scion of Melbourne's wealthy Liberman family, had the resources to help and a track record of social and cultural initiatives. The couple had recently founded Small Giants, an investment vehicle designed "to nurture and support businesses with a strong social and environmental conscience". When they heard that Breathe couldn't fund The Commons, they offered to buy out the investor group while retaining



Breathe as the architect. "They were knights in shining armour, coming to the rescue of our dream in distress," says McLeod.

Altogether, delays related to the financial crash cost them three years. In 2010, with Small Giants' backing, and planning approvals in hand, they finally got on with the serious business of getting the apartment block built.

Signing up buyers – some of them friends, or friends of friends – was the least of their worries. "We had spoken to real people who we knew were looking for a way into the skyrocketing Brunswick housing market," says McLeod. "They all wanted space, light, volume, sun, air. They wanted something sustainable, a place they would be proud to call home. And resoundingly, they all wanted a sense of connection and community. What they didn't want was the extra bathroom, the expensive car space, the white sterile box with 50 down lights, or a home that looked like an anonymous office tower."



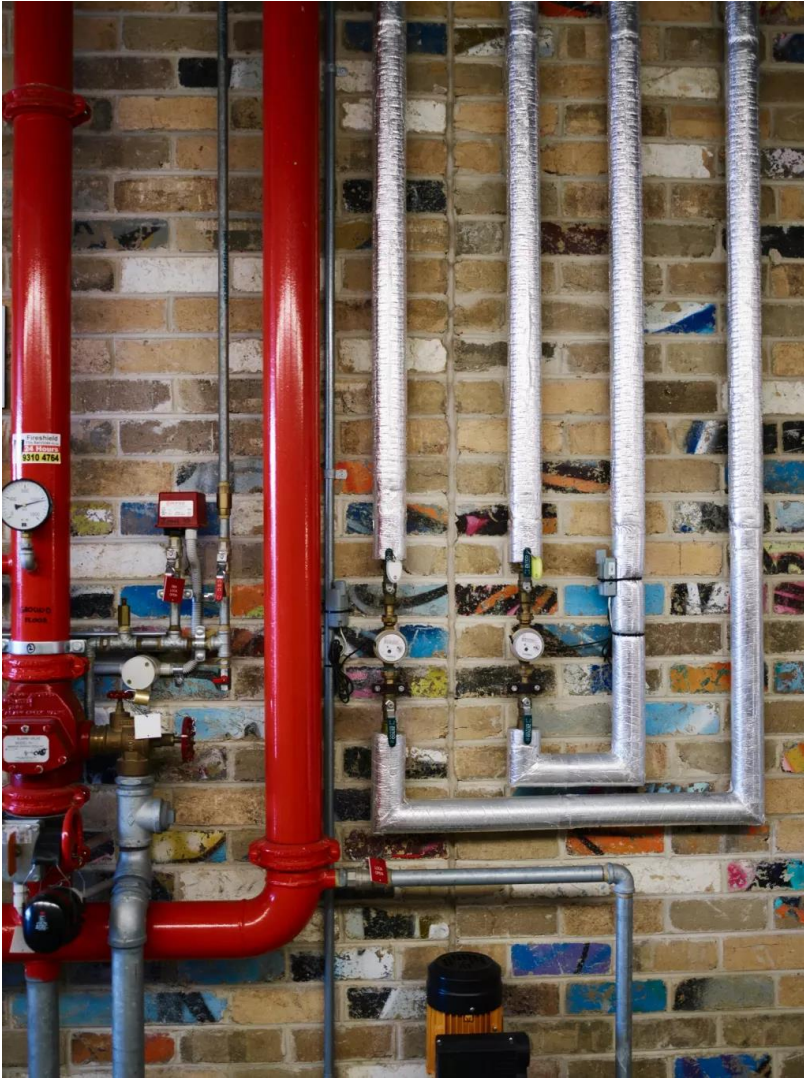
The Commons overlooks a city train line, but 22 of the 24 apartments sold off the plan.

*Photo: Dianna Snape*

While working on The Commons, McLeod met Jessie Hochberg, then a senior policy and strategy adviser with Creative Victoria. McLeod wanted to develop not just another apartment block, but a model that other architects could use for their own inner-city apartment projects. Hochberg agreed to be part of a small team exploring what could be achieved. "We came to the conclusion that the underlying mission was a complete housing systems change," says Hochberg. "We wanted to create a new development methodology that prioritised the needs of humans and home owners."

They found a block directly across the road from The Commons, which they bought with a small band of investors, some of whom had backed The Commons. They called it Nightingale 1, in the hope it would be the first of a number of Nightingale projects.

For Nightingale 1 – which is due to be completed by November – they decided to change more than just the design rules. Typically, developers share profit and loss figures with investors but not with buyers, whose pre-purchase information is usually confined to a glossy sales brochure. As architect and developer, McLeod wanted to share all his calculations with both groups – everything from construction and land costs to design fees and equity investor margins.



Nightingale 1 will have a deliberately industrial aesthetic.

*Photo: Kristoffer Paulsen*

Disclosing specific costs had interesting consequences. Parking spots for Nightingale 1 were priced at \$35,000 each. When given a choice, all 20 of those lined up to buy an apartment said they didn't need one. En suites came in at \$12,000, and would mean sacrificing seven square metres from the living room. No one wanted that, either. When it was explained it would keep prices down, everyone said yes to shared laundry facilities, too.

"For every key decision that's made we ask our future residents what they want," says Hochberg. "We discuss with them all the key factors that help them make a balanced decision, which typically includes space, amenity and cost ... When given the real costs, and the opportunity to choose, residents often decide they have better things to spend their money on."



Inside a unit at The Commons, whose residents decided to forgo individual laundries for a single shared one.  
Photo: Diana Snape

The proposed removal of parking spaces pitted Nightingale 1 against the Victorian Civil and Administrative Tribunal. Few subjects get VCAT's pulse racing as much, and the development broke the first commandment (in practice, if not in law) that all unit blocks must provide one car space for each apartment. "You can have 177 letters of support, but all it takes is one neighbour to land you in VCAT," McLeod laments.

After an expensive delay, the project won the case in late 2014, with planning permission granted. In decoupling car and home ownership, Nightingale went on to set a new precedent in the state's planning codes.

Meantime, social media was buzzing with news of the Nightingale concept – handy because McLeod and Hochberg didn't want to spend anything on glossy brochures or advertising. Arguably the VCAT woes helped, galvanising support among sustainability campaigners.





The Commons' rooftop features vegetable patches for each resident and a communal beehive.  
*Photo: Andrew Wuttke*

With demand outstripping the number of apartments on offer in Nightingale 1, Nightingale Housing was born in November 2015 to license the model to other interested architects. Aside from assessing the suitability of would-be licencees, it would draw up a waiting list of possible residents, pair future investors with opportunities and create a set of sustainable design principles to be used by all licencees.

Those principles represent a paradigm shift from conventional property development, one that's arguably more radical than any of Nightingale's award-winning knobs and whistles. Sustainable building innovation has been underway for decades, but the development business model has remained remarkably intransigent. Among the rules those building a Nightingale project must agree to is a capping of profits from their investment at 15 per cent, which compares to industry standards of 20 per cent and above. Only people who want to live in their apartment, not rent it, are considered as buyers, the aim being to create a rich and active community life. And when owners want to sell, they must first offer their property to those on the waiting list, at a price capped to match the overall property price increases in the locality. This is not optional but is written in a covenant that all buyers must sign.

Prospective residents must pass an extensive questionnaire about their apartment preferences to join the waiting list. They are given information on projects as they arise, at which point they can choose to opt in and join the architect for discussions about the design. Once plans are drawn up, planning is approved and costs confirmed, buyers are invited to confirm their interest.

To date more than 20 licences have been issued, including in NSW, Western Australia and Queensland. Nightingale 1 is set to be the first completed project under the model, in November. Five other Nightingales are under way, four in or around Brunswick. So far every Nightingale that has passed the planning stage has had significantly more interest than availability. Nightingale 1 resolved this problem with a ballot, undertaken by the Mayor of Moreland City Council, who plucked each lucky buyer from a construction hard hat, at an event packed with excited would-be residents.



Not surprisingly, developers are circling, keen to tap the 3000 potential buyers on Nightingale's wait list. The Urban Development Institute of Australia invited McLeod to speak at its annual conference in Brisbane this week.



Winning architecture and sustainability awards, The Commons proved there was a market for 'deep green' design.  
*Photo: Diana Snape*

For all its virtues and promise, Nightingale faces one major challenge: land. Architect Clare Cousins is licensed to deliver Nightingale 4 but has yet to find a block. Matters have moved slower than she hoped. "We've had 24 shareholders signed up for a year and have deposited working capital of 10 per cent to be able to move quickly and put a deposit on suitable land, but it's been a challenge to acquire the site." While Cousins is closing in on a deal that looks promising, buying land at a price that makes good design viable is becoming harder and harder. "Every time we've lost out so far, it's been to a foreign buyer," she says. "These buyers seem willing to pay what we would calculate as 20 or 30 per cent above market rate to have an Australian asset."

Cousins recently turned down an invitation to work on a large property development. "Working with a traditional developer, you can end up designing against your better judgment," she explains. "But it's a completely different way of working when you have control. Of course, you then have to learn to speak the language of land acquisition, construction finance and debt/equity ratios. The benefit is to be able to control the quality, ensuring your building is as good as it possibly can be."



Architect Clare Cousins.  
*Photo: Martina Gemmola*

When looking for land to develop his Nightingale licence, Andrew Maynard from Austin Maynard Architects had a stroke of luck, thanks to Brunswick resident Tony Patton, who has run the fashion

retail business Kinki Gerlinki out of 209 Sydney Road for 12 years. A combination of modest profits and life challenges meant the mortgage was killing him.

"I felt backed into a corner, where I'd have to sell and move on," says Patton. From time to time he'd get an offer, with one developer offering to buy him out for \$2.5 million. He resisted. "Then one day I was introduced to Jeremy and we found a way for me to stick around and keep my business." Basically, Nightingale paid off his mortgage and gave him a redeveloped shop and a three-bedroom apartment in exchange for the land. This project is being contested at VCAT. Patton clearly relishes being debt-free, but he's also keen to be part of this new community. "I've met all the future residents when talking through the design with Andrew, and they're a great bunch. They're just like people you want to hang out with. One guy said he wanted a distillery in the basement, and we all said, 'Yay!'" Subject to council approval, of course.

Marion Christie, a GP in her 60s and living alone, didn't think she had any chance of securing a Nightingale apartment given the long queue of hopefuls. She had sold her longtime home on the Sunshine Coast to move to Melbourne to be closer to her three kids. "It was a depressing experience trying to find something I could afford," says Christie. "I was happy to downsize, but the options I was looking at were barely liveable. I was starting to think I'd have to remortgage, which at my age was not a happy prospect."

Happily for Christie, some 20 per cent of Nightingale units are set aside for "priority allocation" to groups who find it harder than most to put a roof over their head. This includes people with disabilities, Indigenous people and "key workers", a concept that first emerged in London as those who are in low-salaried but socially important jobs, such as teachers, nurses and firefighters. As a GP, Christie would not usually qualify, but did because she worked in a community health centre in Richmond and an Aboriginal health service in Broken Hill. She's part of a new and growing market for Nightingale.

"When we initially started, the large majority of our buyers were 35 and under," says McLeod.

"But now we have a rapidly growing cohort of single females heading into retirement. They are downsizing and want to be part of a connected community. They want to age in place and not be stuck in an isolated home."

Christie agrees that the shared community spaces are a big part of the attraction. "When I was in my 20s I lived in a tiny village on Canberra's fringe where a bunch of us lived close. We ate together, shared what we had and felt connected," she says.

"But most of my working life I've lived in places where I have nothing to do with my neighbours. Coming to be part of Nightingale is a bit like returning to that time, when people would look after your plants if you're away or take the post in."

McLeod has made plans for the space between The Commons and Nightingale 1 to become a small community park in 2018, an idea recently approved by Moreland City Council.

"Residents are keen gardeners," he says. "So we now have guerrilla gardening nearby, and we're part of the Upfield Urban Forest project [greening a derelict public path], spreading gardening north and south. The net value to the neighbourhood means we will have an active community on the street instead of car parks and wheelie bins."

As with The Commons, Nightingale 1 has revealed an untapped interest in a new kind of home ownership. It coincided in March 2015 with the publication of a Grattan Institute book, *City Limits: Why Australia's Cities Are Broken and How We Can Fix Them*. The book argued that the property market was missing a trick with its obsessions of suburban sprawl and super-tall towers. It made a strong case for more well-placed, medium-density housing in the middle suburbs, which now have their own name in design circles – the "missing middle".

"There are lots of people who don't want to live in the outer suburbs," says Victorian Government Architect Jill Garner, who sits on the Nightingale Housing licensing sub-committee. "They want to live close to transport. And they don't necessarily want two-and-a-half bathrooms and a two-car parking spot... Meanwhile, we're watching architects being absolutely dictated to by real-estate agents about how to design an apartment."

McLeod and Hochberg agree that the largely unregulated explosion of the investment property market, fuelled by overseas capital, has had a disastrous effect on affordability for local residents. "How else do you explain 26 years of unbroken economic growth while we have over 100,000 homeless people?" asks McLeod.

As our interview ends, McLeod calls a Uber to take him to Melbourne University, where he'll front students at his Nightingale Night School, a generation of architects hungry to retool their profession's social purpose.

Can the Nightingale concept move the dial on Australia's affordable-housing crisis? To some extent it's an absurd question, in light of the structural conditions that see rocketing land values and a doubling in the ratio of annual salary to mortgage debt in one generation. The tents that recently lined Martin Place in Sydney are a powerful symbol of a time in which the only thing separating many home owners from homelessness is an unexpected redundancy. The answer is yes, and no: Nightingale is not a panacea for unaffordable housing, but it is a test case in how to challenge the residential property Goliath.

Before leaving I ask a final, obvious question: why Nightingale? "Because the first one is on Florence Street!" says McLeod. "Florence Nightingale was the legend who totally reinvented the healthcare system. She wasn't a politician or a person of means. She was a nurse working at the coalface of unhygienic hospitals. Wouldn't it be good if we architects could do the same for housing?"