

A Sweet Spot Between Renting and Buying

Swiss co-ops run by nonprofits create community, provide stability and keep rents low.

By THOMAS FULLER
Photographs by CLARA WATT

LAUSANNE, SWITZERLAND — A few blocks from the shores of Lake Geneva, Claude Waelti shows a visitor his apartment in one of the most desirable neighborhoods of this Swiss city with sweeping views of the French Alps across the lake. It has two bedrooms, a small office, a south-facing balcony — and it costs 1,760 francs (about \$2,200) a month, around half the typical rents in the area.

Switzerland is notoriously expensive, but affordable apartments like Mr. Waelti's can be found in cities across the country. Known as cooperatives — though distinct from American co-ops — they are built and run by nonprofit organizations and represent a kind of “third way” beyond the classic rent-or-buy choice.

Advocates say the model could reshape how the world thinks about affordable housing, particularly in the biggest cities.

The details will seem foreign to many in the West, where building home equity is baked into the system. But the central idea is simple: What if homeownership had no profit motive and no capital gains?

In Switzerland's member-based cooperative housing, new residents buy shares to gain admission to the building and get one vote in the corporation regardless of how many shares they own. The co-op uses the money to maintain the building, keep rents below market rate and, often, provide communal amenities like child care.

When residents move out, their shares are returned at face value. There is no capital gain.

While most Swiss co-ops finance themselves, newer ones are often helped to their feet by the government, which offers land at cheaper rates and low-interest loans, and sometimes buys shares in return for housing for low-income residents. Rents are calculated strictly on a cost basis, meaning there's no developer or owner seeking revenue.

“There isn't this aspect of chasing profits,” said Isabelle del Rizzo, the secretary general of Armoup, an association of co-

Residents are secure, knowing that no one is going to kick them out.

operative housing in the French-speaking region of Switzerland. And unlike in a typical rental building, where an owner could sell or reclaim your unit, “people are secure in their apartments knowing that no one is going to kick them out.”

Cooperatives are also distinct from other low-cost options across Europe, like public housing. For one, co-ops are not necessarily reserved for lower-income residents. Mr. Waelti, now retired, was an executive at a commodities trading firm. BMWs and Mercedeses can be found in his building's parking lot. The average rent in his neighborhood is 3,600 francs (\$4,465), according to Wüest Partner, a real estate consultancy — double what he pays.

“We can afford vacations and pay for our children's education,” said Mr. Waelti, 63, who has lived in his apartment since 1991 — the rent back then was 1,638 francs a month — and is now the president of the cooperative that runs it. New members must pay 4,500 francs' worth of shares, which doubles as a security deposit.

Switzerland has long been a leader in cooperative housing, said Alice Pittini, a researcher at Housing Europe, a group that represents public, cooperative and social housing federations around the continent. That may seem paradoxical given the country's capitalist zeitgeist, but around 8 percent of dwellings in Lausanne, a city with about 140,000 residents, are co-ops. Mr. Waelti's co-op, the city's largest, comprises 101 apartment buildings that house a total of 5,000 tenants. There is a waiting list of 1,000 people.

Cooperatives are only one facet of Switzerland's welfare state, which has low rates of homelessness and strong tenant protections. (Most Swiss are renters, partly because home prices are so high.) Even in Zurich, Switzerland's financial capital, nearly one in five apartments is a co-op, and the city aims to make it one in three by 2050.

And yet, awareness of co-ops can be low, or stigmatized. Ms. del Rizzo said the model was tarnished by the 2008 financial crisis, when a number of them collapsed. And many people have an image of cooperatives as refuges for “old hippies and a collection of free-love people,” she said.

“I remember meeting someone in the real estate business, and when I brought up the subject of cooperatives, he said, ‘No thanks.



I have no interest in sharing a shower with someone,” Ms. del Rizzo said.

Although some Swiss co-ops are infused with a kibbutz-style sharing ethos, others, like Mr. Waelti's, resemble conventional apartment buildings, where neighbors might not know one another.

One of the newer co-op buildings in Lausanne, Le Bled, has plenty of opportunities for community involvement. Founded by architects, it has a movie theater, a music practice room, a library, a laundromat and a wood shop. Children often wander from apartment to apartment and play together until the dinner bell rings. Hortense and Victoire Decosterd, 11-year-old twins, have pajama parties with their friends. For Halloween, they organized a treasure hunt.

“On weekends they leave the apartment at 8 in the morning, they find their friends and come back at lunch with three other girls,” said their stepmother, Tania Zambrano Ovalle.

Ms. Zambrano Ovalle, 55, said her neighbors still keep a degree of distance from one another, though residents of the Bled have set up WhatsApp groups to help one another with things like errands and child care. She treasures that camaraderie. “There's not only a crisis of housing in the world, but a crisis of loneliness,” she said.

But the key attraction to co-op living for Ms. Zambrano Ovalle and her husband, Jean-Gilles Decosterd, is the rent: 2,400 francs (around \$3,000) a month for their light-filled, three-bedroom place.

“We realized that a commercial apartment of the same size would be around 1,000 francs more expensive,” she said.

One condition of moving in: The couple needed to buy shares for around 25,000 francs (\$31,000) — more than a typical security deposit, but a fraction of what a down payment would cost on a similar home.

A visitor could mistake the Bled for one of the countless pricey Swiss condominiums

Claude Waelti, below left, on the communal rooftop of his building, Lausanne's oldest and largest co-op, center, comprising 101 apartment buildings and housing about 5,000 tenants. His 1,180-square-foot apartment, right, costs around \$2,200 a month, an amount that has barely increased since 1991.



Left, Tania Zambrano Ovalle and Jean-Gilles Decosterd in their apartment in Le Bled, top right, one of the newer cooperatives in the lakeside city of Lausanne, Switzerland, below left. Above, Laurent Guidetti on his balcony in Le Bled, which he helped found.

that cater to wealthier citizens. Completed in 2023, it has picture windows and is trimmed with an expensive specialty timber known as meleze. From the roof terrace, the snowy pinnacle of Mont Blanc is visible across Lake Geneva.

The co-op thrives on a mix of wealthier residents, who bought their units and thus injected cash into the project, and working-class tenants, whose apartments are subsidized by the city, according to Laurent Guidetti, an architect who helped design the building and is one of the leaders of the cooperative. He said the residents include musicians, teachers, electricians, engineers, a wine salesman, an economist, a journalist, a psychologist, a janitor and retired people.

The city of Lausanne gave the co-op a 90-year lease that was cheaper than other housing projects and bought shares in the co-op for lower-income residents. Natacha Litzistorf, the city councilwoman in charge of housing, architecture and the environment, said cooperative housing can help forestall the extreme segregation of rich and poor and help a city live “at peace with itself.”

“When people meet each other, get to know each other, they are less afraid of each other and there is less risk of any violence in neighborhoods,” she said.

The city was also attracted to the project for environmental reasons. The Bled, which has 230 residents, has a heat pump that provides all of the building's hot water. Solar panels generate a third of its electricity. Rooftop gardens are watered with recycled rainwater. Residents are not allowed to have washing machines in their apartments; they must use the high-efficiency ones in the building's laundromat.

Mr. Guidetti, 54, makes furniture in the wood shop in the basement and is experimenting with a composting toilet. He bought his 1,500-square-foot apartment in 2023 for 950,000 francs (around \$1.2 million), rather than pay monthly rent.

It was a steal for a brand-new building in this neighborhood, where the average home price ranges from 1.9 million to 2.3 million francs (\$2.3 million to \$2.8 million), according to Wüest Partner. When he sells it, he can receive only the purchase price plus inflation.

To a large extent, the co-op's viability is due to Mr. Guidetti and his fellow cooperative founders' social vision. “We built the Bled to fight against real estate speculation,” he said.

Although building the Bled would not have been possible without support from the city — and from the government financial institutions that provided low-interest loans — older co-ops in Switzerland are often much less reliant on the government.

Mr. Waelti's co-op, the Société Coopérative d'Habitation Lausanne, was established in 1920 and has ample assets in reserve. Its 101 buildings are valued at hundreds of millions of francs, which can be used as collateral for new projects. Two more apartment buildings are under construction.

The cooperative has no obligation to continue to expand, but Mr. Waelti said it must as part of its mission.

“Our goal is to use our capital to buy more,” he said. “We have a commitment to Swiss society to produce more housing that is cheaper than the market price.”

