

# The Rise of Micro-government: Strata Title, Reluctant Democrats and the New Urban Vertical Polity

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*Professor David Karoly, a member of the International Panel on Climate Change, recently told The Age that lifestyles need to change. Australians 'have been encouraged over time to aspire to individual homes with a backyard', but must now 'move to higher-density living with parks and parklands, efficient transport, and a return to the shopping strip, to which people would walk.' ... Professor Karoly is a meteorologist, not an urban planner, but presumably felt that the relationship between backyards and unsustainable transport is now conclusively established. The idea has become orthodoxy among Australian governments and urban planners, and has been enshrined in metropolitan plans across the country.*

Paul Mees (2009, 3)

## Introduction

The twenty-first century has seen the concentration of the majority of the human population into urban areas. Closely associated with this trend is the pressure to accommodate this growth in increasingly dense urban areas. Density, defined broadly as medium- and high-rise, multi-storey residential and commercial building, has become the defining built form of the modern urban epoch.

With the commencement of construction on the world's first 1 kilometre-high mixed-use building, the Kingdom Tower in Jeddah, the rise and rise of hyperdensity (Chakrabarti 2013) appears set to continue. In Australia,

the super-tall residential tower is now well established, from Q1 on the Gold Coast to the Eureka Tower in Melbourne and beyond. With it, Solari's (1970) vision of mile-high cities is coming ever nearer, albeit in these cases completely shorn of the utopian ecological and cultural sophistication Solari proposed.

However, there is a more mundane backstory to the high-rise revolution than simply the buildings, spectacular though these may be, or even the planning policies that have supported this revolution. In order to finance, develop, market and then manage high-rise buildings, especially in the residential sphere, new forms of property ownership have been developed. These have enabled the value of higher-density development to be unlocked for the developer by providing a legal basis for the individual ownership and transfer of apartment units. In Australia this form of property ownership is known as 'strata title'. Virtually all privately owned multi-unit residential buildings in Australia (and an increasing proportion of commercial buildings) built over the last fifty years have been strata titled (Easthope and Randolph 2009). Strata titling and comparable systems overseas (condominiums in the United States, *copropriété* in France, commonhold in the United Kingdom, *Wohnungseigentum* in Germany and sectional title in South Africa, to name a few) are the legal form of property ownership by which high-density urbanism is being rolled out in many of the world's cities.

Now a worldwide phenomenon, but devised in its contemporary form in Australia by the property development industry in the early 1960s, strata titling marks a fundamental shift in the nature of property ownership and local social relations for those owning and living in this form of housing. We argue that strata titling brings with it the seeds of a new form of urban political formation, forged in density, but with an inherent contradiction at its heart that runs counter to the neo-liberal rejection of socialised democratic participation in urban decision-making in favour of individualised, market-driven consumption processes. Neo-liberalism has taken a variety of forms and has inserted its ideology across the range of governance institutions from the global through the national and down to the municipal level (Peck et al. 2009). In this chapter, we focus on one under-examined outcome of neo-liberal urbanism on social relationships at an even smaller scale—that of the apartment building. As part of our analysis we consider the prospects for new forms of urban engagement that might emerge from this transformation. First, we outline the nature of strata titling as a new form of individualised property consumption embedded in a communal property-ownership framework. We go on to discuss the contradictions this conflicted form of property ownership generates and the tensions that arise from it

for those involved. We then suggest that from this conflicted basis, a new form of localised urban polity, based around the strata communities that are currently being generated wherever multi-unit, multi-owned housing is being developed, might arise. While the discussion in this chapter draws largely from our research in New South Wales, the broader issues that we raise have relevance to all of the other jurisdictions, both in Australia and elsewhere, where comparable forms of privately owned multi-unit housing are present.

### The Strata Revolution

Strata titling and its international equivalents have created a new form of property ownership, which is fast becoming the dominant form of ownership in the high-density megacities of the twenty-first century. When people buy into a strata scheme, they purchase two things: the individual ownership of the inside of their apartment (the 'lot') and a share in joint ownership of everything else, including the building and grounds (the 'common property'). A strata scheme is the collective term for all of the lot and common property together with the rights and responsibilities associated with it. In Australia, strata titling was first introduced in 1961 in New South Wales, with all Australian states and territories quickly following suit (see Davies and Atkinson 2012; Easthope et al. 2014). Today, there are close on two million strata lots across Australia in a quarter of a million schemes (Table 15.1). Most are in relatively small schemes of up to 10 lots, but the average size of schemes is growing rapidly with schemes of several hundred lots in complex mixed-use developments increasingly common, especially in central city precincts.

**Table 15.1** Strata schemes and lots by state and territory, Australia 2011<sup>1</sup>

|         | NSW     | VIC     | WA      | QLD     | SA     | TAS    | ACT    | NT     | Australia |
|---------|---------|---------|---------|---------|--------|--------|--------|--------|-----------|
| Schemes | 75 690  | 71 286  | 58 082  | 40 064  | 18 774 | 7 469  | 3 222  | 2 379  | 276 966   |
| Lots    | 728 780 | 419 289 | 241 126 | 382 991 | 99 344 | 15 120 | 43 168 | 19 100 | 1 948 918 |

Source: City Futures Research Centre (2012).

While largely unheralded, the strata revolution is challenging the basic precepts that have driven individual residential ownership for the last

1. Includes commercial and industrial schemes. Australian states and territories: New South Wales (NSW), Victoria (VIC), Queensland (QLD), South Australia (SA), Tasmania (TAS), Australian Capital Territory (ACT), Northern Territory (NT)

century, for so long a mainstay of free-market political conviction. By offering an individual share of communally owned property, strata title subtly decentres the notion of what individualised property ownership has come to mean in contemporary market societies. Moreover, the multiple relationships that this form of property ownership sets up within each scheme presents a range of new tensions and challenges for how the built environment is planned, managed and coordinated on a scheme level. By its insistence that all participants become members of a legally binding corporation at the moment they sign the sale contract, with all the collective rights and responsibilities that this imparts, strata has created a whole new cohort of what could be considered 'reluctant democrats', participating in a governance structure few understand or are prepared for. But the new vertical, micro-urban polity of the strata complex will arguably become the locus of distinct forms of local democratic organisation and consciousness. This, in turn, may produce new forms of micro-political conflicts (see Yip and Forrest 2002; Read 2003).

Strata titling also blurs the distinction between private and public realms within each scheme. In reality, all that strata unit owners own individually is the inside of their strata unit. Everything else, including the building and land, is common property jointly owned by all the lot owners in the scheme. In stark contrast, the marketing of strata ownership—as a casual glimpse through any weekend paper property pages or glossy strata-development marketing brochure will attest—promotes a self-assured belief that owners are buying into the pinnacle of privatised, personal urban living, in line with ideals of the neo-liberal ascendancy, which preferences the private over all forms of public action, with marketised private-property rights reified above all else.

Paul Mees is remembered for his strident championing of the public realm over the privatised alternative offered by the neo-liberal consensus. He opposed the concept and reality of privatised, neo-liberal urbanism, very much the progenitor of the contemporary high-density city. While Mees' focus was largely at the city precinct scale and above, the new strata communities being created daily in our cities embody this distinction within the walls of the building complexes themselves. He was also, as our opening quote shows, concerned to point to the contradictions and uncertainties that have plagued the planned transition to higher densities in Australian cities (see especially Mees 2010). Our analysis in this chapter highlights the potentially contradictory political and social consequences of one aspect of densification: the rapid spread of the strata tenure form.

While marketed as the pinnacle of modernist private-property consumption, strata title subverts that notion by shackling the lot owner to

an explicitly socialised governance framework, the owners' corporation. A strata owner is not the master or mistress of his or her own domain: the owners' corporation is. In this way, strata title opens the door for a new form of civil society, by forcing strata owners to engage in a process of communal self-governance. Apartment owners have to deal with their neighbours in a way house owners simply do not, as legal co-owners of a common asset. Indeed, strata lot owners have much more in common with the antithesis of individualised home ownership: the much-maligned and now largely sidelined housing cooperative.

As a conflicted form of individual property ownership within a communal governance framework, strata title, it could be argued, might harbour the seeds of a new form of local participatory democracy. An active engagement in the strata-management process by strata owners could engender a greater awareness of, and support for, more public forms of community participation, as well as generate a more critical assessment of the decisions that are made daily by government and property professionals about our public built environment. While certainly embryonic in Australian cities at present, the tensions that strata ownership creates have generated a growing response among aggrieved strata owners. Examples of conflict have surfaced in recent years as lot owners have begun to collectively assert their rights over developers reluctant to rectify building defects or over conflicting uses. One such example is provided by the emergence of what might be considered a new urban social movement in the form of a national collaboration of lot owners, the Owners Corporation Network of Australia (OCN), initially formed in 2002. The role played by the OCN in the recent changes to strata legislation in the state of New South Wales reveal the increasing political weight strata owners are wielding in certain areas. The proposal by Sydney's Lord Mayor and (at the time, in 2011) state Member of Parliament, Clover Moore, for strata reform that preceded these proposed reforms was another clear signal that, in central-city areas at least, the political clout of strata owners is beginning to be felt. More locally, concerns around strata living are now aired regularly in popular newspaper columns in weekend property supplements (such as the 'Flat Chat' column in the weekend *Sydney Morning Herald*), while in some cases strata owners are actively engaged in collective action to undertake sustainable retrofits of their buildings. The strata community is starting to stir.

### **The Emergence of the New Strata Polity**

So what are the characteristics of strata title that define this new urban polity? The origins lie in the rationale that created modern strata ownership in the

first place—in particular, the role of strata as a new structure of mass housing provision, tailor-made for the newly emerging, privatised, high-density city. Strata ownership was originally devised to enable the further commodification of real estate into ever smaller parcels of property rights, permitting the consumption of individually titled residential space in multi-unit buildings funded by individual mortgage finance. The close link between home ownership and individual mortgage finance was established in the freehold residential property market in the earlier part of the twentieth-century in most advanced capitalist economies, when it displaced private-investor landlordism as the dominant structure of housing provision. In doing so, the freehold, owner-occupied house effectively re-capitalised the residential property-development process. Put simply, a builder was able to sell a house to an individual home owner, backed by an individual mortgage, for more than he could sell the same house to a private investor seeking a longer-term rental income yield that could compete with the emerging plethora of alternative investment opportunities at this time. And the mortgagee was able to secure the mortgage on the property itself, which could be sold and the outstanding debt repaid in the event of a default by the mortgagor.

The process of effecting this transition was not a simple 'natural' market process, however, but one that was promoted strongly to achieve overt political objectives through incremental legislative and fiscal arrangements that cumulatively displaced private landlordism but also countered the parallel ascendancy of socialised housing provision. Individualised home ownership was a spectacular example of the triumph of marketised commodity production over the socialised alternative, at least until the fault lines of this private debt-fuelled form of housing provision were laid bare in 2008. The ability to extract greater speculative gain from land conversion through individualised home ownership effectively drove the twentieth-century residential property booms that generated the low-density suburbanised cities characteristic of advanced economies, especially those based on Anglo-Saxon property relations.

However, it took until the latter decades of the twentieth century for a mechanism to be developed that would effectively do the same for multi-unit housing. The trick was to devise a form of legal title for a share (stratum) of a multi-unit property—which is nevertheless owned by multiple parties through a communal entity—that would allow a lender to regain access to the value of that individual title should the owner default, without having to gain the approval of all the owners in the scheme. Attributed to the efforts of Dick Dusseldorp, the then CEO of Lend Lease (Clarke 2007), strata title in effect introduced a two-tier form of ownership, involving individual ownership of a lot (which can be leased or sold without constraint from

other owners) and collective ownership of common property (the buildings and grounds).

As such, strata titling has been largely promoted as an extension of the opportunities for households to become private-property owners but in a new and more affordable form. A crucial component of this has been the implicit association of the purchase of a strata unit with the same package of property 'goods' that accompany individual freehold house ownership, namely autonomy of control over the property, inviolable property rights and security of title in perpetuity. In achieving this, strata ownership opened up a major shift in the scale of individualised ownership for multi-unit housing, creating new marketing opportunities. Promoted by the development industry, supported by the retail mortgage industry and adopted by sympathetic legislators, strata title therefore provided a legal basis for a new mass market in individualised multi-unit ownership.

### **The Strata Title Paradox**

But while strata ownership is promoted as simply another form of individualised property ownership, it is nothing of the sort. The fundamental shift in property ownership lies in the fact that while people have individual property title to their lot (essentially the airspace, internal walls and fittings in their unit), they also share part-ownership in the building and grounds, which means that they are both required to cooperate with other owners to manage those assets, and are constrained by the wishes of the majority of owners as to how those assets can be used and, eventually, disposed of. The common property (the shared property) can range from a two-storey brick building and some carports, through to strata schemes that include swimming pools, landscaped gardens and gyms, to mixed-use strata schemes that include commercial office space, hotels and commercial car parks.

Effectively, strata owners find themselves in a situation where they are collectively responsible for the management and maintenance of this infrastructure. This includes collecting 'taxes' to maintain it (in the form of strata levies) and 'legislating' on how it can be used (through scheme by-laws). In order to manage this process, most strata schemes elect owners from within the scheme to represent the scheme's interests (the executive committee). In these ways—collecting taxes, setting and enforcing laws and electing representatives—strata schemes operate like mini-governments. It is for precisely this reason that they have been referred to as a 'fourth tier of government', below that of the federal, state and local governments in Australia (NSW Fair Trading 2012). In some instances, strata schemes—which can run into hundreds of units with associated common facilities—can stretch across

city blocks. The closely related 'community titling', in effect a horizontal form of strata titling, also presents the same governance framework and throws up the same range of issues and contradictions (Sherry 2011).

In practice, strata titling has created a new form of civic participatory relationship between unit owners that was not won through a time-honoured process of seeking democratic enfranchisement, but instead is conferred by the simple act of buying a unit in a strata scheme. As such, it is not a matter of choice, but a legal requirement. Put simply, membership of a body corporate is not an option for strata owners; all owners *must* be members. Unlike the formal Australian electoral processes, however, there is no mandate that requires active engagement in the collective decision-making for a strata scheme. So while a unit owner is required to pay the levies and comply with the by-laws of a scheme, participation in the process of determining how these are set is discretionary. Despite the implications of this, many strata owners are reluctant to actively participate in the management of their schemes. This, in large part, is due to the way that strata properties are marketed by both developers and the real estate industry. Research has shown that many owners are largely ignorant of either the rights or the responsibilities of strata ownership when they first buy a strata unit (Easthope et al. 2012). The promotion of such schemes, both by developers and in the property pages of the popular press, pays no attention at all to this aspect of the bundle of attributes being sold. The details of the management arrangements and costs are usually left to the purchaser's solicitor to sort out. Never mind the capabilities of the executive committee or strata manager; just look at the granite benchtop and the city views!

### **The Problem of Split Incentives in an Enforced Democracy**

A key consequence of the communal nature of strata ownership is the emergence of what might be termed an *enforced* democratisation of property ownership, one that runs counter to the marketised rhetoric of individualised property ownership. Instead of embracing the attribute of communal ownership as a positive virtue, as might be the case in a housing cooperative, in the context of selling the dream of individual home ownership the marketing of strata heavily discounts this role. For many strata owners, the owners' corporations they are forced to join are seen as problematic, an imposition on their autonomy, as well as a tiresome distraction that interferes with the 'quiet enjoyment' of their property. Who really wants to turn out to a meeting when you've spent all day at work? And who wants to stand for election to the scheme's executive committee, which has legal responsibilities similar to a board of company directors, with all the liabilities that go with that,

when you are not paid and you may well have to work with co-owners you don't like or even find intimidating? While strata ownership might hold the seeds of a new urban democratic engagement, there are certainly problems with the present model that stymie realisation of this progressive possibility.

Many of these problems lie in the potential for conflicting interests and barriers to cooperative decision-making that result from the range of priorities and rationales governing the actions of the various participants in a strata scheme. While more commonly applied to issues surrounding energy-efficiency retrofits for apartment buildings (e.g. Bird and Hernandez 2012), the concept of 'split incentives', which arise when stakeholders in an enterprise do not share the same goals, can be applied more broadly to the inherent conflicts that can arise between the multiple stakeholders in strata schemes. These split incentives effectively structure the relationships between the participants and can take a variety of forms. We identify three main forms.

The first critical split incentive stems from the potentially conflicting requirement for developers to maximise the profitability and the rate of sales of a scheme and the longer-term need for the subsequent owners to adequately maintain the building at a minimum of cost and disruption over its lifetime. Keeping construction costs under control in a competitive market, and one where development finance is subject to restrictive terms, may lead to corners being cut. The fact that a major proportion of strata units are sold 'off plan' to investors or overseas buyers who may never see the property also encourages the provision of minimal building standards and finishes, increasing the probability of building defects. There is also pressure to keep initial service charges and levies to a minimum to improve marketability. A key issue here is the provision for future maintenance and major repairs through adequately planned for and costed sinking funds. Much of the future cost of managing a strata building over its lifetime depends on the developer putting sufficient emphasis on design and building standards at the outset. The 'build it, sell it and walk away' development model favoured by many Australian developers clearly militates against setting standards high enough to deliver the least cost outcomes for owners later on.

Second, the obvious tension between individual and collective property ownership in strata schemes has the potential to lead to a range of challenges for residents. For example, strata owners have to ask their owners corporation for permission to make changes to their properties, including home modifications to enable mobility and access to and within their own homes. Strata owners also have to abide by the decisions of the majority in regards to spending in their schemes, even if they personally are not able to afford to pay. Perhaps the most emotive example of this tension between

individual and collective property ownership is that which arises at the end of a strata scheme's life. In Australia, this tension is just starting to be felt as schemes move towards the end of their physical life or in locations where renewal pressures are building. Leading the charge yet again in Australia, the New South Wales government is proposing to change the current requirement that all parties in a scheme have to agree before a strata scheme can be terminated in order for it to be redeveloped to one where only 75 per cent of lot owners vote in favour. The remaining 25 per cent will be required to comply with the wishes of the majority (NSW Fair Trading 2013). If implemented, the proposal may well result in the majority of owners being able to vote the minority out of their homes. This will undoubtedly become a growing issue as pressure mounts to renew older, poorly maintained blocks of flats, or where urban renewal schemes seek to densify existing development, such as in inner-city or beachside locations.

Third, additional tensions arise from the complex range of stakeholders involved in a scheme. There are two aspects to this. The first is that the many different stakeholders involved in the operation of strata schemes often have very different priorities and needs. The second is that not all of these stakeholders have an equal say in the running of their schemes.

Turning to the first point, strata schemes can involve a wide range of stakeholders. First there are the builders and developers, who sometimes maintain a stake in strata schemes long after the building is completed. Then there are the owners (who may be owner occupiers or investors) and the residents (who may be owner occupiers or tenants). Then there are those stakeholders who are employed by the owners corporation, such as the strata manager, building manager, cleaning contractors and gardeners. Finally, there are the professionals who work on behalf of the property owners and residents individually, or the owners corporation collectively, such as contractors, suppliers, lawyers, accountants, real estate agents and other professional advisors.

Tensions can arise between different groups of stakeholders within a strata scheme. For example, resident owners and absentee investors can have different priorities when it comes to the management of a scheme, by virtue of the fact that an improvement to a scheme impacts investors only in so far as it increases property values or rental income, while owner occupiers also benefit from an improvement in utility. The ability to retrofit for energy- and water-saving improvements is also compromised in the context of a significant proportion of owners being landlords, for whom such expenditure has little personal benefit, and will not be reflected in increased rents. Australia's current metropolitan planning schemes all foresee and encourage transition to higher densities and levels of urban intensity (Mees 2010; Randolph 2006).

Adaptation to climate change is recognised as a planning priority. However, the impediments to change identified above could potentially act as a barrier to retrofitting for climate resilience in the new strata landscapes encouraged by these policies.

Conflicts between tenants and resident owners have also been a particular issue in some schemes where landlords or head tenants have allowed overcrowding in their units, especially in serviced apartments (e.g. Tan 2013) or where there are clear lifestyle conflicts between mobile tenants and more established owners, often compounded by generational differences. Mixed tenure is a feature of all strata schemes, and the balance between resident and investor owners is becoming a key marketing issue. Developers of newer up-market schemes have now taken to quoting the proportion of resident owners who have bought in order to allay fears that investor owners may become the prevalent influence.

Tensions do not only exist between investor and resident owners. There can also be strains between resident owners with different financial means: for example, younger resident owners on increasing incomes may be more willing to pay for improvements than older owners on fixed incomes. They may also exist between resident owners exhibiting different lifestyle preferences: for example, younger people who want to hold parties and families with young children who value quiet.

The complexity of the stakeholder environment in strata has grown significantly as schemes have become ever larger and more complex. Large developments involving a nested series of strata plans integrated under one umbrella plan are now commonplace—each with a varying degree of control and representation in the overall decision-making process. Rising complexity also leads to an increasing range of functions within one scheme. Mixed-use schemes, the building form pursued by urban designers and planners alike as an icon of contemporary urbanism, also have the potential for long-term tensions between commercial and residential owners.

Turning to the second point, strata schemes also suffer from what might be termed the '*Animal Farm syndrome*', namely that while notionally all lot owners are equally required to participate in the governance of a scheme, some lot owners are more equal than others. This is the result of both formal and informal processes in strata scheme governance. Consider the formal inequities first. The weight that each owner has when making decisions in their scheme is tied to their 'unit entitlement' in the scheme, which is determined by the value or floor space of their lot relative to other lots in the scheme. In effect, then, wealthier owners of larger lots typically have a greater say in decisions affecting their schemes. In some of the larger, multi-building developments, which comprise several separate strata schemes and

significant commercial components nested in an overarching community scheme, such as the Jacksons Landing development in Pyrmont, Sydney, each apartment block might be allocated only one vote in the community association that controls the whole development, thereby giving much greater weight to the commercial stakeholders. Tenants, of course, have no rights to make decisions affecting the running of the strata scheme in which they live, unless they can persuade their landlord to take up issues on their behalf. Informally, even greater inequity can occur, as in situations where small groups of owners band together to effectively take control of the running of their scheme by garnering support from absentee owners who vote by proxy, a practice known as 'proxy farming', thereby disenfranchising other owners (Blandy et al. 2006). Similarly, developers or building managers can take effective control of a scheme, either by proxy farming or by retaining a major share of the lots for rental, or even by installing developer-controlled managers (Sherry 2010). The latter two practices are characteristic of some of the larger schemes developed by one of Australia's largest strata builders, which has led to a series of clashes with lot owners, including the ill-fated Regis Tower in Sydney's Chinatown (Bounds 2005; Lo 2013).

In Australia, there are signs that the longer-term tensions around the split incentives between stakeholders generated by strata ownership are being recognised, reflecting growing civic concerns. Recent reviews of strata legislation in the states of New South Wales (NSW Fair Trading 2013) and Queensland (currently underway at the time of writing in mid-2014), have largely arisen from a groundswell of concern from both strata owners and managers about the failings of the prevailing strata legislation. We argue that this movement provides evidence of both the growing political importance of this form of property ownership and recognition of the inadequacies of the early legislation, which was basically created to facilitate the easier development of strata units. Fifty years of strata in Australia have shown these early legislative frameworks to be lacking in an understanding of the long-term management of strata schemes and the tensions and conflicts inherent in this form of housing. The intervening period has seen strata legislation in a process of 'catch-up', as strata law has shifted from a focus on development process and the management of housing assets to a greater consideration of the management of the communities such development has created.

### **The Prospects for a New Urban Polity**

While increasingly seen as problematic, owners corporations nevertheless offer opportunities for new forms of civic engagement by providing a framework through which decisions can be made on a locally collective basis.

Indeed, strata titling and its equivalents overseas have growing implications for the way we make decisions about ever larger proportions of our urban areas, as strata owners find themselves part of a system that straddles the market, government and civil dimensions of society (McKenzie 2003). These longer-term, and largely unforeseen and unintended, impacts of the shift to strata ownership are only now being fully realised.

There are significant implications for the future sustainability of our cities as they become increasingly locked into strata property relations through planned intensification. These implications—environmental, social and economic—will determine how well urban spaces can be adapted and reused to achieve wider societal goals of sustainability. As a result, growth in strata titling is creating a new set of path dependencies that future generations will have to unlock. The most obvious of these will be the complexity of unwinding and terminating schemes, especially as they become ever larger and more complex with hundreds, and potentially thousands, of stakeholders involved.

But it is also possible that a system introduced to further promote individualised private-property consumption may in fact facilitate a new form of civic leadership around collective property ownership that might support a collective response to urban sustainability. In doing so, the strata-titled, high-density city might offer an opportunity for local participatory engagement that would help activate Mees' vision of newly democratised urban governance.

Chapter 1 of this volume discusses the implication of neo-liberalism in terms of the closing off of political and institutional minds to the possibilities of collective action. Perhaps the strata system offers some hope for a reopening of collective experience and purpose. While it was created under a market-driven, neo-liberal agenda (to enable individual private-property sales and a move away from collaborative apartment ownership through company title), the strata system still requires collaboration through collective ownership and provides formal structures and processes to facilitate and mediate that collaboration. The sheer scale of new multi-owner developments creates new possibilities for, in effect, micro-government of these collectively owned urban spaces, blurring the public-private dichotomy. Indeed, as Georg Glasze, Chris Webster and Klaus Frantz (2006) have argued, this may actually increase the degree of 'publicness' in these spaces. The fundamental shift in the nature of residential property ownership and governance that has enabled the compact city to become a reality—strata title in Australia and equivalent forms of 'dualistic property ownership' overseas (Lujanen 2010)—will continue to shape the future development of cities around the world.

Perhaps the challenge is to change people's perceptions of mass communal property ownership away from a neo-liberal outlook ('This is my property to do with as I please') towards a civic mindset ('This is my community that needs to be collectively managed'). Mees (e.g. 2010) saw civil society as the bedrock and wellspring of improved urban governance. As the formal structures of governance and political representation fall further into disrepute, will the 'fourth tier of government' come into its own as the driver of a newly engaged civil conversation about who owns and manages the twenty-first-century city and, with it, the seeds of a new vertical urban polity?

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