

National Forum for Co-operative Housing

Representatives from six state Community Housing Peaks across Australia gathered in Sydney on October 29th 2007 to discuss the future of the Co-operative Movement in the delivery of Affordable Housing.

The following position paper was then unanimously endorsed by the delegates of the National Meeting of delegates of the Community Housing Federation of Australia CHFA on November 8, 2007.

At a time when housing affordability is at an all time low, and when *even* moderate income earners are struggling for affordable options, co-operative housing offers scope for creative and affordable solutions, utilising collective effort, a mixture of private and public resources, and equity raising capacity.

The Commonwealth State Housing Agreement has progressively reduced housing funds to the States over the past ten to fifteen years, with major subsidies going to homeownership and towards income subsidies that barely relieve private rental costs. In the meantime, public housing has become more highly residualised, with little increase in stock and only able to respond to highest complex needs, exacerbating any clear capacity for growth and economic viability.

Parallel to this, and despite major Commonwealth subsidies to the private market, it is estimated that some 15 to 20% of the Australian population are experiencing a high level of housing stress within the private market, with no options to turn to. In addition, there are a growing number of foreclosures on mortgages given people are unable to maintain high levels of housing debt and increasing interest re-payment.

Community Housing in the near future is poised to offer a bridge between social and private market housing systems. The capacity of Co-operatives, within the Community Housing movement, has not been well realised in Australia, but has substantial influence in Northern Europe, Canada, the US and South East Asia. The model provides a viable opportunity for the engagement of residents as shareholders who are then able to actively contribute to the development of their communities rather than become passive welfare recipients, or victims of an unprotected and over-inflated private market.

Co-operatives work collaboratively to re-invest in communities and in people rather than institutions, encouraging active participation to reduce housing costs and enable greater levels of housing affordability.

The co-operative housing model in which participants are equity shareholders, inculcates a sense of pride in both housing and community. People develop a sense of belonging and wellbeing, responding to an enabling model that empowers and develops people's ability for fair and equitable decision-making around democratic processes.

Housing a broad diversity of people in a caring and responsive environment has been the cornerstone of the co-operative housing sector's success to date, with evidence pointing to high levels of social capital, fewer arrears, less turnover and efficiently maintained properties.

Co-operative housing has also made good practical use of income-mix and has been innovative in responding to people in housing stress or at risk of homelessness, with opportunities that offer stability and economic prosperity for "better" social outcomes.

The national co-operative housing movement is committed to quality services that contribute to the wellbeing of individuals, communities and neighbourhoods, as well as to the stability derived from affordable, long-term housing. The National Forum for Co-operative Housing identified long-term security, title and equity as key to the future viability of co-operative housing in Australia.

Around Australia, the Victorian Common Equity Rental Co-op (CERC) model of "common" ownership was identified as one of greatest potential in balancing private, public and community equity with an accelerated capacity to leverage growth outcomes for the future.

The Victorian CERC Model, umbrellas 100 small scale autonomous co-operatives under a common parent company, and one title, Common Equity Housing Ltd (CEHL). As a central body, it owns, co-ordinates and manages its assets, as well as having a capacity for leveraging growth and development and utilising equity raising potential from the rental stream. CEHL also plays a key role in training and education, information sharing and advocacy.

Allocations, responsive maintenance and administration of individual co-ops, within this model, are held by the member co-ops and tenant directors, guaranteeing a high level of autonomy. Member shareholders who are also dominant on the Board of Directors, own the central company.

The CERC model highlights the potential for co-operative housing to deliver a good balance between Government and taxpayer's interests, the Community's interest, and the role of the private lender and developer. Residents choose levels of active participation and representation. Rental income is used to raise capital and levels of co-op owned equity.

In partnership, the balance of interests serves a valuable function in community development, capacity building and most importantly the provision of sustainable and affordable housing.

The co-operative model offers excellent scope for a collaborative platform that ensures small-scale human institutions (15 to 20 dwelling units), in contrast to large housing constructs that create sustainability concerns.

Importantly, the co-operative model is highly efficient economically, and has major social advantages including improved well-being and high levels of social capital, as identified in local and overseas research.

Co-operative housing offers much more than just housing, indeed the nature of neighbourly collaboration towards common social, cultural and economic outcomes, creates a bridge of human activity, an opportunity for people to give and receive, and a place where people are most likely to thrive.

With the advent of new national Affordable Housing policies for future provision, the co-operative model, engaging from a democratic base of empowering residents, looks to support as a valid alternative within the range of options for Community Housing Management.

The National Forum for Co-operative Housing (NFFCH) concluded that:

- ◆ Co-operative Housing is a viable alternative provider of community housing and should be recognised and included in any future growth planning.
- ◆ The extended targets under affordable housing, allow for social mix that fits well into the co-operative housing model of cross-subsidisation.
- ◆ The success of the co-operative housing model as a highly responsive and proactive model in its engagement of residents, has been grossly understated to date, yet it provides an ideal model for private/public and community partnerships and for efficient leveraging of affordable housing outcomes.
- ◆ Greater focus on the capacity of Co-operative Housing to deliver Affordable Housing is needed by Government and policy advisors, for incorporation into a future development framework.
- ◆ Research, analysis and promotion of the success and potential of the Co-operative housing model is needed and welcomed

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