



283-285 Payneham Road  
ROYSTON PARK SA 5070  
Ph. 8362 1022 Fax. 8362 1944  
Website: [www.chcsa.org.au](http://www.chcsa.org.au)  
W-mail: [info@chcsa.org.au](mailto:info@chcsa.org.au)  
A.B.N. 38 885 520 654

---

---

## **TOWARDS A NEW HOUSING MODEL FOR SOUTH AUSTRALIA**

### **~ Update Report - August 2008 ~**

---

---

**Dear Community Housing Organisation,**

Times are changing in the community housing sector in SA, and smaller, volunteer-managed Co-operatives and Associations are facing new challenges, uncertainties and opportunities. The number of smaller organisations has been declining, and Government is focusing its resources for future growth on selected larger providers.

In response to these challenges, the Community Housing Council of SA (CHCSA) has been working with sector members on development of a new model - a different way for smaller, volunteer-managed Housing Co-operatives and Associations to do business, and to secure their future. A sector forum was held in April 2008 to discuss these ideas.

The current proposal would involve establishing a new 'umbrella' organisation, which Housing Co-operatives or Housing Associations could choose to join, while still retaining their independence and identity. This organisation would then provide its members with improved services and support, new opportunities, and better security into the future.

This Report provides up-to-date information on the development of the proposal. For convenience, we will refer to this possible new organisation as 'Common Equity SA'. In this report you'll find some background and a summary of proposal as developed so far.

We urge you to make this information available to your members, and to discuss the ideas within your organisation. If you wish to find out more about 'Common Equity SA' please contact the CHCSA.

**Yours sincerely,**

**Ciarán Synnott, Executive Officer CHCSA**

## 'COMMON EQUITY SA' (CESA): A SUMMARY OF THE PROPOSAL:

---

### Why 'Common Equity SA'?

The proposed new organisation would be formed as an 'umbrella body' for community housing providers who chose to join. The main goals of creating such an organisation would be:

- ▶ To protect diversity in the South Australian sector by better supporting and strengthening smaller, volunteer-managed Housing Co-operatives and Housing Associations.
- ▶ To create new opportunities for smaller community housing organisations to grow, and sustain themselves over the longer term.
- ▶ To offer an alternative to smaller organisations who might otherwise consider closing, or moving their properties into a larger Co-operative or Association.

### How might 'Common Equity SA' operate?

The precise structure of the proposed new organisation has not been decided. However, based on thinking so far, it would work something like this:

- ▶ 'CESA' is established as a new non-profit organisation, run by a Board of elected representatives (from amongst member groups) and others with suitable skills.
- ▶ Community Housing Organisations who choose to become members.
- ▶ Property titles held by member organisations are transferred to the new body, and then leased back to the member organisation. This enables 'CESA' to access additional funding available under the Funding Agreement, and thus provide services to member organisations.
- ▶ Each member organisation continues to operate independently, make decisions and manage its own properties.
- ▶ 'CESA' signs its own Funding Agreement with Government, and the existing Funding Agreements (for those Community Housing Organisations who joined) are replaced by a lease agreement with the new body.
- ▶ **NOTE: These are “working ideas’ and still subject to development and refinement. Importantly they are absolutely dependent on the Government (not just OCH and Housing SA) supporting 'CESA'**

## **What services and benefits could 'Common Equity SA' deliver?**

We believe that 'CESA' would provide a number of services and benefits to the Associations or Co-operatives that chose to join:

- ▶ Improved support services to assist volunteers with the work of managing their organisation.
- ▶ Providing longer-term potential for growth.
- ▶ Better options to assist groups dealing with internal problems or conflicts.
- ▶ 'Retirement' options for aging Housing Co-operative members.
- ▶ Reduced workloads, including reporting and 'compliance' demands.
- ▶ Combining the benefits of being a smaller organisation with being part of a larger network, with a stronger voice to protect your interests.

## **Is 'Common Equity SA' planned to be the same as interstate?**

You may have heard discussions in the sector that 'CESA' is planned to be similar to an organisation which operates in Victoria (called 'Common Equity Housing Ltd'). It is important to know that the proposed new organisation for SA:

- ▶ Is **NOT** planned to be the same as what currently operates in Victoria; and
- ▶ Does **NOT** involve South Australian organisations joining the Victorian organisation, OR the Victorian organisation setting up operations in SA.

## **BACKGROUND:**

---

Over recent years the CHCSA has raised ideas for new infrastructure and services within the sector. In August '07 the Community Housing Council of SA (CHCSA) convened a seminar to hear information about Common Equity Housing Ltd (CEHL) Victoria (see *below*), and allow sector members to consider the establishment of a similar 'umbrella' organisation for volunteer-managed Housing Co-operatives and Associations in South Australia.

This forum, open to all Community Housing Organisations, endorsed the CHCSA to do further work on the idea. This led to the establishment of a Working Group, which now includes community housing group representatives, CHCSA policy workers, and two people from the Office of Community Housing (OCH). This group has developed a more detailed 'Role and Function' statement, setting out a model of what a "Common Equity SA" might look like, and how it would work. For a copy of this paper contact the CHCSA on 8362 1022 or you can access it via the CHCSA Website - [www.chcsa.org.au](http://www.chcsa.org.au).

The Working Group also held a further forum in April 2008, to update the sector on progress with the ideas. 80 people attended the forum, with 23 Community Housing Organisations represented. The new Office for Community Housing (OCH) Manager, Ms Carol Shard spoke at the event, and we also heard from several Victorian Co-operatives, who operate under Common Equity Housing Ltd (CEHL). A summary report on this event is also available through the CHCSA or via the CHCSA Website.

The forum raised concerns and questions, but also offered support for the 'CESA' ideas to be further developed as a definite proposal for Co-operatives and Associations to consider. The Office for Community Housing is currently considering the Government's view on the proposal, and developing a policy position paper. Nothing has been decided yet, and it is important that your organisation consider the ideas now.

#### **Common Equity Housing Ltd (CEHL)**

CEHL is an established and successful 'umbrella' service and support organisation for Housing Co-operatives in Victoria. Information about CEHL is available at [www.cehl.com.au](http://www.cehl.com.au)

In researching the potential for a new organisation in South Australia, the CHCSA and the Working Group has attempted to learn from the experience of CEHL

*However, the goal is not to extend CEHL or to create a 'clone' CEHL in South Australia. The proposed New Model would be created to meet the needs of SA Community Housing Organisations, and to fit South Australian conditions.*

#### **ALTERNATIVE APPROACHES:**

---

The CHCSA believes that 'Common Equity SA' as described above has particular advantages for volunteer-managed organisations that other alternatives do not match. However, it is not our intention to censor discussion of other alternatives.

There are a number of existing alternatives open to smaller, volunteers-managed Co-operatives or Associations that are considering their future, apart from choosing to participate in a 'CESA' as proposed here.

- **Status quo:** The CHCSA believes that participation in 'CESA' ought to be a voluntary choice made by each organisation. In those circumstances, the CHCSA would certainly continue to recognise, value and advocate for any organisation that decided to continue to function under its current arrangements.

- **Becoming a Holding Association:** A number of smaller Community Housing Organisations already operate as Holding Associations. Under this arrangement, properties are leased to a larger Community Housing Organisation, which carries out all the day to day property and tenant management functions. The small group, as a Holding Association, retains its legal identity and management structure, and can retain functions such as tenant management.
- **Amalgamation:** It is possible under the current terms of the Co-operative and Community Housing Act for two or more existing Housing Co-operatives or Associations to amalgamate; provided all parties agree (including OCH). With this in mind it would be possible, say, for a number of organisations to agree to amalgamate and form a larger Co-operative or Association.
- **Joining a larger Community Housing Organisation:** As many will know, over recent years a number of smaller organisations have chosen to cease independent operations, and join with a larger Community Housing Organisation. Under this arrangement, the smaller organisation obviously ceases to exist as an entity in its own right, and all titles and management functions are transferred to the larger organisation.

All these 'possible futures' are available to smaller Community Housing Organisations now, regardless of whether 'CESA' comes to fruition. The CHCSA has also explored a number of alternative structures that are in use interstate or overseas, but none of these appears to be suitable to our local requirements.

Overall, therefore, we believe the 'Common Equity SA' model offers some particular advantages. It would retain the diversity and 'local-ness' of smaller, independent organisations, but within a new framework of support, services and opportunities. It would provide better alternatives to sustain or rebuild organisations when things go wrong. The development of the 'CESA' proposal to date has also been largely driven by Community Housing Organisations themselves, through the representative structures of the CHCSA. It remains open to all groups to argue for and support another alternative.

~