



## Community Housing Council SA (Co-op Rep Council) Discussion Paper

<b>TOPIC:</b>	<b>Challenges and Prospects for Housing Co-operatives in South Australia</b>
<b>DATE:</b>	<b>August 2002</b>

### **1. Summary**

This paper is put forward by the Co-operative Representative Council of the Community Housing Council of SA (CHCSA), to encourage discussion. It examines a range of current issues for Housing Co-operatives in South Australia, and makes a number of suggestions for the future. The paper suggests that in recent years a number of challenges have arisen to the long-term viability of Co-ops as a distinct tenure form. It also suggests, however, that Co-ops are an important part of 'the mix' of social housing provision and that, with the right measures, they can overcome current challenges and move into a new stage of development. This paper does not represent a formal policy position of the CHCSA.

### **2. Introduction – Why Housing Co-ops?**

As a specific tenure form within the range of social housing provision, Housing Co-operatives offer a range of benefits to their members, and to the wider community.

- ❑ Affordable, appropriate housing for people on low income, or with other specific needs in gaining access to stable housing.
- ❑ Facilitation of Social Inclusion and contribution to Sustainable Communities.
- ❑ A participatory and democratic structure.
- ❑ A shared responsibility for housing, undertaken with like-minded people.
- ❑ Opportunities for individual development through acquisition of new social and organisational skills.
- ❑ Training for, and facilitation of, voluntary work.
- ❑ Stabilised life circumstances, enhancing access to education and employment opportunities.
- ❑ Provision of housing for peoples of Non-English Speaking Background.
- ❑ Innovative approaches to housing form, enhancing social and environmental outcomes.
- ❑ A strong record of contribution to housing in South Australia.

The range of capabilities that come together in Housing Co-operatives, and what these offer to both individuals and communities, make a strong initial case for their future. Beyond other steps that can be taken, it is important now that the essential values of Co-ops are restated and renewed, and that their strengths are seen as the basis on which they can best develop into the future.

### **3. Current Challenges Facing Housing Co-ops in SA**

#### **3.1 Changes in the Pattern of Growth in the Community Housing Program**

All Community Housing Organisations (CHOs) – both Housing Co-operatives and Housing Associations – are registered under the SA *Co-operative and Community Housing Act 1991*. The Act has been administered from its inception by the South Australian Community Housing Authority (SACHA). All Housing Co-ops in SA were brought under the Act in 1991/92. For Housing Associations this did not occur until 1995/96. (Prior to that the Housing Associations Program was managed by the South Australian Housing Trust.)

At the time the SA *Co-operative and Community Housing Act 1991* came into being, existing Housing Co-operatives already comprised the larger part of Community Housing in SA. For the next several years from that point, the further growth and development of Co-operative housing was considerable, particularly through the establishment of new groups. As the table below suggests, from 91/92 to 92/93 the number of registered Co-ops grew by around 23%, and by 18% the following year. In the same period growth in the size or numbers of Housing Associations was relatively small.

Year	Total CHOs	No. of Registered Co-ops	No. of Registered Assoc's*	Total number of Properties	Approx. % of properties managed by..	
					Co-ops	Assoc's
1991/92	70	49	21	1469		
1992/93	84	61	23	1535		
1993/94	92	69	23	1829		
1994/95	97	72	25	1936	64%	36%
1995/96	106	78	28	2041		
1996/97	120	89	31	2290	63%	37%
1997/98	124	92	32	2567		
1998/99	129	91	38	2832		
1999/00	142	93	49	2990	51%	48%
2000/01	142	93	49	3338		

When Associations were first brought under the Act in 95/96 this overall make-up of the sector was still apparent. The numbers of Co-ops had continued to expand, to 78 organisations and, within the combined program, roughly 65% of all properties were under Co-op management.

Since that time the profile of Community Housing in SA has changed considerably, most strikingly in where the growth is focused. Over the period 1997/98 to 2000/01 the numbers of registered Co-ops recorded grew only by four, to 93. In the same period, the number of registered Associations in the program has grown from 31 to 49 (up by 58%), and the proportion of dwellings managed by Associations has also increased. In 1999/2000, of the 2990 total dwellings within the program, approximately 51% were managed by Co-ops and 48% by Associations (The further 1% being directly managed by SACHA.)<sup>1</sup> Total properties in the sector as a June 2001 was up to 3,300.

In terms of projected trends for the future, some indications may be gained from recent figures and policy priorities for program growth. Although Community Housing as a whole continues to grow, the majority of this in recent years has been vested in Associations, and mainly in a

smaller group of larger Associations. This change was reflected in the SACHA Strategic Plan for 2000-2004, which identified a goal to 'Promote the development of a small number of large community managed housing providers (500 plus houses)'<sup>2</sup>. In pursuit of this goal SACHA has focused particularly on seven 'growth' organisations, subject to increased growth targets and special supplementary funding arrangements. Of these seven groups only one is a Co-op. (It should be noted however, that this 'Large CHOs' program has now been redefined and expanded to allow for some supplementary funding support to any CHO over a particular size.)

The effects of this strategy on growth patterns in the sector are clear. For example, during the year 2000-01, 392 new or renewed properties entered the Community Housing program. Of these 309 were assigned to Associations, and 67 to Co-ops (with 24 of these accounted for in one Group Self-Build project)<sup>3</sup>. Such proportions have been generally typical of allocations practice in recent years. This approach to program growth has clearly assisted the development of a number of the larger Associations, and these organisations are clearly valued for their strong contribution to the program as a whole. However, for the majority of Co-ops it is clear that significant growth, or the entry of new Co-ops into the program, has become less accessible than in previous times. One can readily find a growing sense of concern and questioning about recent trends, and where they may leave Co-ops, as a distinct form of housing tenure, in another ten or fifteen years. The generally decreased growth of Co-ops in recent years is also compromising their ability to seek new members, particularly younger people. This contributes to the aging membership seen in some groups, the lack of new group development and a sector that feels it is 'treading water'.

Allied to this picture are the indications of the Co-op sector actually decreasing, as some groups cease to operate effectively, cease operations altogether, and/or are amalgamated with Housing Associations. As just one example, SACHA figures indicate 6 CHOs 'intervened' due to 'dysfunctional management or insolvency' in 2000/01<sup>4</sup>. These were all Co-ops<sup>5</sup>.

### **3.2 Morale within Co-ops**

Beyond the bald statistics about a declining role for Co-ops in the current growth strategies of the program, there are other factors also affecting their performance. The recent *National Social Housing Survey with Community Housing* conducted by Donovan Research indicated a significantly lower overall satisfaction rate for tenants of CHOs in SA than the national average. The report cites the larger than usual proportion of Co-ops in SA as the main reason for this difference<sup>6</sup>.

These results lend some support to the consistent anecdotal evidence of morale problems in many Co-ops. Feedback from the CHCSA's regional forums for Co-ops indicates a significant proportion of groups are struggling to maintain the levels of group cohesion, voluntary participation and skills required to sustain their organisations in the longer term. These problems may then flow on into other areas of Co-op business, and affect the ability of groups to remain financially viable.

Clearly the demands placed on groups in terms of management and reporting requirements are considerable, and have increased significantly since the inception of the program. With voluntary management and the expected turn-over of membership over time, these demands can overstretch the personal resources of those willing to undertake them.

### **3.3 Changes in Services to Co-ops**

Recent years have also seen significant change in the provision of education, training, representation & advocacy and other services to Co-ops in SA. Prior to 1997 Housing Associations and Housing Co-operatives were each represented by their own peak body. In December '97 these two organisations were effectively amalgamated to form the Community Housing Council of SA. The CHCSA from that time offered a wide range of direct support, education and training services to all CHOs. The CHCSA also became a Registered Training Organisation (RTO) in order to deliver accredited training courses to the sector. In mid-2000 the bulk of the education and training resources available from the CHCSA were relocated within SACHA, and have since been delivered from there.

Whatever the overall effects of such changes are said to be, there has clearly been significant change in the way vital support and training services are offered to Co-ops, and to the sector as a whole. For some Co-ops there also clearly remains some tension in dealing with SACHA as regulator and funder on the one hand, and as training/support provider on the other.

### **3.4 Changing Policy Directions from Government - the Housing Reforms**

The last 6-7 years have seen significant changes in both the Federal and State policy directions for social housing. In essence these programs have had the effect of “shifting public housing and related programs away from the multi purpose objectives which characterised ... much of the post World War II period towards a clearly defined role as a ‘welfare safety net’”<sup>7</sup>. In keeping with this shift in policy direction, the current Commonwealth-State Housing Agreement (CSHA) specifies that funds should ‘provide priority of assistance to those with the highest needs’<sup>8</sup>. Following the Commonwealth lead, the State Government in SA has also instituted sweeping reforms to the State’s social housing system. In February 1998, the then SA Minister for Housing announced that these changes would “see a shift from the current open access policy of life-long tenure, to a policy which assists South Australians on the basis of need with priority to those most in need for the period of need”<sup>9</sup>.

Over 1999-2000, the so-called Housing Reforms have been developed and implemented in SA, with all applications to Public and Community housing now assessed under a range of criteria, to establish their level of housing need and priority for housing. The criteria generally look at; levels of assets and income, ability to access appropriate housing, and urgent housing need. Three categories of need have been defined: Category 3 being generally according to income, and Category 2 according to other identified needs and issues, and Category 1 for those identified as homeless, risk of homelessness or other critical need. Generally speaking, Category 1s and 2s are given the highest priority for available housing.

In 1999-2000 all CHOs were required to review or revise their tenant selection rules and procedures to ensure compliance with this system. CHOs must now maintain segmented waiting lists, prioritising applicants according to their assessed needs. Alongside the Government criteria, CHOs are also able to accept or reject applicants on the basis of their own eligibility or membership criteria. However, once accepted onto the waiting list, a person should be housed according to the Government-specified priorities.

Not surprisingly, the Housing Reforms have made a considerable mark on the profile of people entering all social housing programs. The Triennial Report on the South Australian Housing Trust (SAHT) states that, “In 2000-01, 68.7% of new allocations ... were made on a priority basis (Categories 1 and 2). This contrasts with the corresponding figure of 15.9% for priority housing allocations in 1995-96.”<sup>10</sup>

The policies are also impacting in a number of ways on the Community Housing sector and on the operations of CHOs. SACHA data also reflects similar changes to those experienced by the SAHT, with the proportion of Categories 1 and 2 on CHO waiting lists increasing from approximately half the total in 99-00 to over 70% in 00-01<sup>11</sup>. It is also clear that the increasing role of Associations within the sector is perceived by some to be consistent with this change in policy direction<sup>12</sup>. As many Associations provide housing to special needs groups, their pool of tenants and potential tenants are more likely, on the whole, to meet the Category 1 and 2 criteria.

### **3.5 Implications of the Housing Reforms for Co-ops**

While it remains the case that Co-ops can continue to screen potential members according to their own membership criteria; the Reform requirements are nevertheless resulting in changes to Co-ops' membership profiles and new pressures within their organisations. Volunteers are having to confront these changes, on top of the usual workload of operating their Co-op. It must also be borne in mind that the Reforms have been in place only for a relatively short time. It is likely that their full impacts will take time to 'filter through', and may not yet have reached their peak.

Clearly Housing Co-ops as generally small, self-help organisations rely on a relatively high level of active, voluntary participation, and demand from their members a range of social and organisational skills. These characteristics are amongst the strengths that Co-ops have to offer their members: group autonomy, education and skill development, improved employment profile, and so on. The implications of the Housing Reforms lie in how they impact on the *capacity of Co-ops to sustain these qualities and skills over the longer term*. Many Co-ops argue that the Reforms as currently applied will result in a diminishing level of skills and capacity to participate within their membership (and, indeed, that this is already occurring). The likely result of such a trend, of course, is that the load of organisational self-management will fall on fewer shoulders.

The climate engendered by the Reforms can also be seen to have other, perhaps more subtle implications for Co-ops. In the early 90's it was quite common for Co-ops to establish new multi-dwelling developments incorporating innovative design and planning features. Aspirations from Co-op members to live in a more community oriented or environmentally sustainable manner were common guiding aims. These aims still represent a significant factor in sustaining people's commitment to their Co-ops. However, the policy climate of recent years has not been one to give such aims as much credence or scope for expression as had occurred previously.

### **3.6 Changes in the Management Demands on Co-ops**

Over recent years the impacts of the Housing Reforms, together with other changes in Government policy or reporting and management requirements, have significantly increased the overall work load for all CHOs. Volunteer workers within Co-ops are having to deal with a range of significant challenges, for example:

- Managing tenancy issues where the general level of multiple and complex needs amongst their clients has increased;
- Becoming GST compliant and incorporating GST required book-keeping methods;
- Increased levels of reporting on Asset Management, member and tenant profiles, Management Planning, Auditing etc.

These things come on top of the already significant commitments made by Co-op members within the general running of their organisations.

In simple terms, it would seem that, while the general capacity of Co-ops to sustain active, motivated participation is being eroded – by the Reforms and other factors – the management requirements have become considerably more complex and demanding of both skills and time. Without some compensatory changes this cannot be a recipe for long-term success.

These are just some of the background issues against which Housing Co-operatives currently operate. Together they raise significant questions about the role and long-term development of Housing Co-ops. Discussions within the national networks of Community Housing also indicate very similar problems being faced by Co-op sectors in all other States. Can South Australia now show leadership in successfully addressing these issues, as it did with the initial establishment and growth of Community Housing in Australia?

#### **4. Opportunities for New Directions**

Taken as a whole, these changes present a situation where the sustainability of Housing Co-ops is subject to real pressures. At the same time, their on-going role within the Community Housing program, and within the spectrum of social housing as a whole, is poorly defined. However, many Co-ops continue to provide excellent service to their members, including a significant proportion of people with high or complex needs. Co-ops are also willing to explore innovative measures for future development. SACHA continues to express support for Co-ops in South Australia.

There is a new Labor State Government in South Australia, committed to reduction of homelessness, and the development of policy through a comprehensive State Housing Plan. It would also seem generally clear that the time is right for a review of how the Housing Reforms have impacted in SA. The system has now been in place for roughly two years, enough time for problems to become apparent. The recent Triennial Review of the SAHT, for example, calls for a review of the segmented waiting list system, as one of its key recommendations<sup>13</sup>. One element of such a review must also be to consider the appropriate role of Housing Co-operatives within the social housing sector as a whole.

##### **4.1 The role of Co-ops within the Spectrum of Social Housing**

The general point that Co-ops would wish to make here is that their nature and particular strengths as organisations are not well-suited to the Reforms as currently interpreted and applied. In calling for a review of their role within Community Housing, however, Co-ops do not want to be seen as antagonistic towards, or in competition with, Housing Associations. On the contrary, Co-ops recognise and value the particular strengths of Associations as partner organisations within the sector. It is about valuing and enhancing the diversity of the sector, and its capacity to meet a variety of needs.

It must also be emphasised that Co-ops *do* recognise their role in providing for those most in need. Indeed, most Co-ops already house a significant proportion of people who, in terms of the assessment criteria, would fall into Categories 1 and 2. However, this must be done in a way that sustains the strongly participatory structure of Co-ops, and allows for an appropriate ‘mix’ of member’s skills and abilities.

How then do Housing Co-operatives see themselves potentially contributing within a revised structure? In general, of course, these questions lead us to consider the spectrum of *demand* for social housing and how it may be effectively met by the agencies involved. The argument put

forward here for consideration particular revolves around the position of those applicants designated as Category 3.

The SAHT, with roughly 50,000 properties in their total stock, is, of course, the major provider of social housing in SA. SAHT figures suggest a current capacity to deliver roughly 4,000 new housing allocations per year<sup>14</sup>. Waiting list figures to mid 2001 indicate combined numbers of Category 1 and 2 applicants on the list at around 4,800<sup>15</sup>. Given the Trust's prioritising of applicants in Categories 1 and 2, it can be seen that there is a rough parity between current high-priority demand and the available supply of housing in any one year. (Although it must be acknowledged that the Trust faces its own on-going problems with sustaining its current level of housing supply; aging stock, reduced CSHA capital funding, etc.)

Where demand markedly outstrips supply, however, and is also increasing is in the Category 3 (low income) applicants. Figures indicate over 24,000 applicants in Category 3 currently on the SAHT waiting list<sup>16</sup>, and the number is increasing over previous years. What this would seem to suggest is that, while the levels of demand in Categories 1 and 2, is relatively well catered for, the growing demand in Category 3 represents, in these terms, the greatest area of un-met need. (And one must also consider the apparent failure from the private rental market to generate any significant growth in provision for low income renters.)

Co-operatives in SA are obviously not in a position to meet anything like this overall level of demand. However, Co-ops do regard themselves as suitable housing organisations for those designated Category 3. The opportunities that Co-ops offer, within their structures of voluntary management, are appropriate to the needs of people on low income, particularly in skill development and enhanced employment opportunity. Those designated Category 3 are less likely on the whole to be coping with acute needs or personal crises; and may therefore be more able to take up the opportunities offered by Co-op membership without a need for supplementary professional support.

Allowing Co-ops more capacity for growth, and more flexibility in providing a proportion of their stock to appropriate Category 3 applicants could offer one measure to meet this growing level of demand. It would also assist Co-ops to build a membership group more capable of sustaining the participatory structure so central to the Co-operative ethos. Such a step would also be consistent with wider views which, in light of how the Housing Reforms have impacted, suggest that the 'social mix' of tenants is a vital ingredient of sustainable housing outcomes for all social housing agencies. It is also very much a part of the discussion of strategies for Social Inclusion in SA. And for all CHOs, both Associations and Co-ops, it is emerging as a key issue for their long-term viability. The overall goals of the Housing Reforms can still be addressed (and measured) at the sector-wide level, while allowing more flexibility for individual organisations.

It is proposed here, therefore, that the State Government review the role of Housing Co-operatives within the State Housing Plan – including in terms of how Social Housing agencies meet the objectives of the Housing Reforms.

## 4.2 Further Proposals for Change

Taking into account the range of other issues raised in this paper, the following further proposals are also put forward for discussion and debate. It is recognised that some of these proposals are already matters of active consideration by SACHA, or within the wider sector.

- 4.2.1 A contemporary reassertion of Co-operative values, and commitment from Government to the continuing value and role of Housing Co-ops.
- 4.2.2 Development of direct capacity-building support services offered to individual Co-ops; enabling organisations to self-develop towards a model of 'best practice' and long-term viability.
  - Consideration should be given here to offering such services via a non-government organisation.
  - Contemporary 'best practice' models can draw on a number of sources, including direct consultation with Co-ops and experience from other States. Such models should build upon the inherent strengths of Housing Co-ops.
- 4.2.3 Simplification and streamlining of formal reporting and management requirements made on Co-ops, including appropriate changes to current funding agreements.
- 4.2.4 Improved access for Co-ops to reliable, accountable and affordable paid management support services; eg. book-keeping, rent management.
  - It is important that service providers to CHOs are registered with SACHA and are accountable to agreed service standards.
- 4.2.5 A review of Education and Training services and methods, with an emphasis on more participatory and mutual-support models of adult learning.
- 4.2.6 Long-term planning for the geographic consolidation of Co-ops' areas of operation, enabling easier contact between members.
- 4.2.7 Improved access for Co-ops to reliable office, meeting and IT facilities.
  - Consideration could be given here to the development of regional facilities (and perhaps associated services) accessible to a number of organisations.
- 4.2.8 Encouragement, where appropriate, of co-operation between Co-ops and Associations.
  - The Joint Venture program is one important avenue of achieving outcomes in this area.
- 4.2.9 Improved access to growth for groups that want it, and opportunities created for the development of new Co-ops.
- 4.2.10 Funding for improved CHCSA services to rural and regional Co-ops, and other CHOs.
- 4.2.11 Review of methods employed in offering advice to Co-ops, to ensure consistent, useful and up-to-date advice is given.
- 4.2.12 Encouraging Co-ops to undertake their business in innovation and entrepreneurial ways.

~

Prepared by Matthew Fisher for the Co-operative Representative Council of the CHCSA

- 
- <sup>1</sup> Statistics in this section drawn from South Australian Community Housing Authority (SACHA) Annual Reports 1992/93 to 1999/2000.
- <sup>2</sup> South Australian Community Housing Authority (SACHA) *Strategic Plan 2000-2004*, p. 7
- <sup>3</sup> South Australian Community Housing Authority (SACHA), October 2001 *Summary of Completions by CHO for 2000-01*
- <sup>4</sup> South Australian Community Housing Authority (SACHA) *Annual Report 2000 - 2001*, p. 19
- <sup>5</sup> Pers Comm. Email from SACHA Policy Unit, 26/4/02.
- <sup>6</sup> Donovan Research (2001) *National Social Housing Survey with Community Housing* p. 9
- <sup>7</sup> Spiller Gibbins Swan Pty Ltd (1998) *Review of Housing Co-operatives Final Report* published by South Australian Community Housing Authority (SACHA), pp. ii – iii
- <sup>8</sup> Commonwealth State Housing Agreement between Commonwealth of Australia and South Australia, p. 3
- <sup>9</sup> Spiller Gibbins Swan (1998) p. ii
- <sup>10</sup> South Australian Housing Trust (2001a) *Triennial Review 1997/98 – 1999/2000* p. 37
- <sup>11</sup> South Australian Community Housing Authority (SACHA) *Report on the 2000/2001 Community Housing Data Collection; October 2001*, p. 18
- <sup>12</sup> For example: *South Australian CSHA Bilateral Agreement 1999/2000 – 2002/2003* p. 25
- <sup>13</sup> South Australian Housing Trust (2001a) p. x
- <sup>14</sup> South Australian Housing Trust (2001b) *Annual Report 2000-01* p.10
- <sup>15</sup> South Australian Housing Trust (2001a) p. 42
- <sup>16</sup> South Australian Housing Trust (2001a) p. 42