



## Community Housing Council SA Issues and Options Paper

<b>TOPIC:</b>	<b>Infrastructure Issues and Options for Community Housing: Towards a Pilot Project</b>
<b>DATE:</b>	<b>February 2006</b>
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### 1. INTRODUCTION & PURPOSE

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Communities Housing structures are enjoying greater support in many countries around the world, as governments consider new ways to fund and support social housing services to meet the needs of their communities. The Community Housing sector in South Australia has been a leader in an Australian context, and achieved rapid growth. The sector is well positioned to play an enhanced role in meeting goals of both the **State Strategic Plan** and the **Housing Plan for South Australia**. Community Housing is a form of housing delivery that can synthesise goals specifically related to housing with others committed to social inclusion and community capacity building.

However, the long-term capacity of Community Housing providers to play this larger role in part depends on the suite of infrastructure services that provide support to their essential work of housing provision.

This Community Housing Council of SA (CHCSA) Issues and Options Paper has two main purposes:

- a) To explore options for the further development of *infrastructure services* that:
  - Better support the viability and development of Community Housing Organisations (CHOs)
  - Are best suited to the structure, needs and future development of the Community Housing sector in South Australia
- b) To consider options for the structure of a *pilot project* to test and research infrastructure methodologies

The paper considers a range of relevant practices in Community Housing sectors both within Australia and in other countries.

## 2. BACKGROUND

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CHCSA policy staff have prepared this paper, following a request from a Working Group established by Community Housing Council of SA (CHCSA) to develop a brief for a pilot project as above. This working group includes representatives of both co-operatives and associations, and SA Community Housing Authority (SACHA) policy staff.

The paper takes account of a range of reference material, and follows on from previous work within the sector on the relevant issues of infrastructure. In particular, the CHCSA has recently undertaken work to canvas ideas for a 'Regional Infrastructure Model' with its member CHOs. The following reference material and previous work is considered relevant:

- The Community Housing *Infrastructure Needs Assessment Project and Report* from 1995<sup>1</sup>
- A CHCSA Discussion Paper *A Regional Infrastructure for Community Housing* circulated to the sector in 2003<sup>2</sup>
- The CHCSA submissions to the consultation phase of the *Housing Plan for South Australia*, both submitted to Government and circulated to CHCSA members in 2003<sup>3</sup>
- Two CHCSA sector workshop/consultations covering these issues, held in 2004-05
- Consultation with SACHA Board members and staff including a presentation to SACHA Board in April 2005

Usually, in this context, the term 'infrastructure' refers to all those mechanisms, skills, tools and services available to support the work of CHOs as housing providers<sup>4</sup>. It therefore can be considered to include:

- Facilities and equipment such as offices, meeting spaces, phones, IT software and hardware
- Management services available to CHOs including: the work of paid CHO employees; services provided by one CHO to another on a fee-for-service basis; private sector service providers
- CHO representation & advocacy services
- Asset management & maintenance services
- CHO education & training services
- CHO support and development services

A factor closely allied to infrastructure so defined is, of course, the knowledge and skills exercised by volunteers undertaking CHO management work, either as housing co-operative member/tenants, or as members of housing associations' boards. Therefore, in this paper, these resources will sometimes be considered as part of the infrastructure picture, although not regarded as 'infrastructure' in and of themselves. 'Infrastructure' in this sense would generally not be considered to include those who offer support, advice or advocacy services to CHO tenants, where as a by-product of this work they also have a relationship with a CHO.

As will be discussed below, research suggests that many community housing sectors in Australia or other developed countries already incorporate such a range of services in some form or other, or are moving to do so.

### 3. CONSTRAINTS IN A SOUTH AUSTRALIAN CONTEXT

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We believe there are a number of context-specific factors that must be taken into account in assessing the prospects for reforming or improving the delivery of infrastructure in SA:

- The particular attributes and strengths of Community Housing as a model of housing provision
- The sector's development in SA over more than 20 years, and its current structure and make-up
- Current strategic needs and priorities for the future viability and development of the sector, especially through the implementation of the Housing Plan for South Australia<sup>5</sup>
- The current provision of infrastructure services
- Funding constraints
- Legislative requirements

These are now considered individually in more detail:

#### 3.1 *The particular attributes and strengths of Community Housing*

In our view, any proposals for the development of the sector must take account of the particular attributes that make Community Housing a delivery model worthy of community participation and Government support in the first place, as compared perhaps to other models of delivering social housing. The following are key attributes to be considered:

- Providing opportunities for localised community-based initiatives in gaining or providing access to safe, secure, appropriate and affordable housing
- Providing specialised housing services tailored to meet particular areas of need within the community
- Generating diversity of housing options
- Engaging and developing community resources, including volunteers
- Building partnerships between localised agencies and organisations, including between CHOs and local governments
- Providing opportunities through housing for social inclusion
- A capacity to attract financial benefits through Commonwealth Rent Assistance (CRA), GST exemptions, Income Tax Exempt Charity (ITEC) and Public Benevolent Institution (PBI) status
- Creating close, collaborative links between housing providers and support services, for tenants with particular needs
- Generating and managing innovative approaches to housing form, enhancing social and environmental outcomes
- Offering flexible, local-management opportunities for housing in regional and rural areas

We see an understanding of Community Housing as *first and foremost* a community development process as vital to any joint considerations between Government and the sector about strategic sector development. As Prof. Lisa Berkman, Harvard University School of Public Health states:

“Community organisations have the power to tangibly improve population health. In this case, what’s good for individuals and what’s good for the community is the same thing. Those with the most social connectedness, i.e. who have a high level of participation in social and community organisations and networks, have lower mortality rates ... Community groups are the engines that drive our ability to change behaviour, reduce morbidity, expand life expectancy and innovate change.”<sup>6</sup>

Jeremy McArdle defines community development as 'the process of facilitating people and their communities to participate in the evolution of their own futures.'<sup>7</sup>

### *3.2 The development and current make-up of the sector*

It would seem both essential and practical that any steps to strategically develop the sector in SA must respond to and attempt to build on the make-up and strengths of the sector as it is, and the history of achievement of many CHOs.

### *3.3 Current strategic needs and priorities of the sector*

It is now well understood that Government in SA will be looking to the Community Housing sector to play a significant role in achieving the objectives of the State Housing Plan. The issue of infrastructure is central to the sector's current and future *capacity* to be sustainable and meet these expectations, in partnership with Government.

This is also an issue taken up directly in the recent SACHA Discussion Paper, *A New Vision for Community Housing in South Australia*,<sup>8</sup> the first step in a strategic planning and visioning project to be undertaken by SACHA as part of the current Departmental Housing Review.

### *3.4 Current provision of infrastructure services*

Clearly, any proposals in the area of infrastructure must take account of the current suite of services on offer, and ask what aspects or parts of those services might be improved.

It should be noted that, although they are of course important infrastructure issues in their own right, this paper does not mainly address issues relating to the delivery of either:

- Asset management and maintenance services
- CHO support and development services
- Education and training services

With regard to the second and third points, however, the location, funding and delivery of these services are issues we see as potentially worthy of independent review. On the first point, we note that this area of asset management infrastructure has recently been subject to some review through the 2002-04 SACHA Change Management Project

### *3.5 Funding Constraints*

Of course, the implementation of any changes to infrastructure delivery within the sector, or related pilot projects, should represent an efficient, effective and accountable use of financial resources, as available to CHOs or to the sector as a whole.

### *3.6 Legislative Requirements*

The SA Co-operative and Community Housing Act 1991 requires the Authority to: "provide, or arrange for the provision of, administrative, managerial, educational and other service to registered housing co-operatives, secondary co-operatives and registered housing associations to ensure so far as practicable that they perform their activities efficiently and effectively"<sup>9</sup>

## 4. TWO KEY AREAS OF RISK

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With the above constraints in mind, we may identify two key areas of risk, where changes or improvements in infrastructure are signalled as a possible response:

### *4.1 Long-term management capacity and viability of small, volunteer-managed CHOs currently not receiving any direct forms of CHO management support.*

**Co-ops:** A major part of the sector's history in SA has been the formation of a relatively large number of housing co-operatives (co-ops). The SA sector contains a larger proportion of co-operative housing, both by stock and organisation numbers, than other Australian State sectors. The sector has deregistered approximately 20 co-ops over the past 4-5 years, through organisation failure and/or amalgamation into larger CHOs.

Other evidence suggests a proportion of co-ops subject to a range of risk factors for long-term management viability<sup>10</sup>, for example:

- Task work-load and complexity
- Volunteer 'burn-out'
- Low IT literacy and lack of appropriate, affordable software
- Lack of other relevant skills
- Aging membership
- Poor management of internal conflict

**Associations:** Generally, the risks for small housing associations in comparable areas are probably somewhat less, and number of CHOs in this area has grown over the past 5 years, especially in country areas. However the capacity of these groups to find and retain appropriately skilled and committed board members, and to continue to operate on a purely voluntary basis are risk factors.

We believe these parts of the sector would particularly benefit from optional access to affordable CHO management services in the more complex or problematic areas of work, provided by reliable, sector-knowledgeable service providers. There is some evidence from the UK to suggest that housing co-operatives are more sustainable over a longer-term when appropriately supported by service providers<sup>11</sup>. Service provision arrangements from larger, professionally staffed associations to smaller volunteer-run CHOs is already occurring in the SA sector on a limited basis. CHCSA research estimate that approximately 15-20% of co-ops already use service providers to support management and administrative functions, and the majority of these arrangements are with private providers, rather than other CHOs<sup>12</sup>.

We believe the risks for small, volunteer-managed CHOs could also be reduced through improved access to, and use of, purpose designed software, consistent with Government compliance requirements; supported by appropriate training and help-desk functions.

### *4.2 Management Capacity in Larger CHOs*

The sector in SA currently recognises a number of relatively large CHOs. The proposed new funding agreement will adopt a size of 90 properties as a point where funding arrangements will formally recognise a need for (usually) in-house employment of management staff. Some of these organisations are most likely to be immediately involved in new Affordable Housing processes targeted by the Housing Plan for SA. Some are also specialist providers, housing a high proportion of tenants with high and complex needs. While the management capacity of these organisations

is generally regarded as meeting current requirements, a number of infrastructure-related risk factors may also be identified here:

- Wage rates to attract and retain appropriately skilled staff over the longer term
- Succession planning to cover loss or retirement of key personnel
- Uneven access to and use of high quality CHO management software
- Funding levels required for staffing to appropriately service and sustain tenancies, and offer other development opportunities, for people with high and complex needs
- Funding and management capacity appropriate to involvement in new Affordable Housing processes

## 5. PRIORITY AREAS TO ADDRESS

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Given the above constraints and risk factors, we see the single area to emerge as the highest priority for change and fresh options is that of capacity-building in, and/or access to, high quality **CHO management services** in key areas of CHO management and administration including: book-keeping and finance management; rent management; and tenancy management.

However, changes in this aspect alone would be unlikely to address the range of risks identified. Therefore, we believe any options considered must take a range of other issues into account, guided by the key factors identified in section 3.

For volunteer-managed co-ops in particular, we believe that improvements in the area of management capacity, either internal or sourced externally, must be supplemented by direct support to renew and reinvigorate an understanding and experience of co-ops as a **community development** process. In other words, any arrangements enabling co-op members to outsource, or better manage, some of the more demanding work-load must be paralleled with timely, occasional support to strengthen their internal skills, purpose and directions as loci of 'community development' (and the many and varied things that term can mean in practice). This is a view supported by the research conducted by Lambert et al into the merits and sustainability of *already existing* relationships between co-ops and other organisations providing fee-for-service management services.<sup>13</sup>

Therefore, the key infrastructure issues addressed by this paper are:

- Firstly, the quality, efficiency, availability and use within the sector of CHO management skills, tools and services in key areas of CHO business. We will call these 'CHO management services'
- Secondly, and particularly for housing co-operatives and other small, volunteer-managed CHOs, the quality, availability and use of support services assisting CHOs in the development or sustaining of appropriate internal skills, group cohesion and direction. We will call these 'CHO community development services'

Before considering any options for SA as such, however, it is appropriate to consider practices in other parts of Australia, and community housing sectors in other similar countries.

## 6. INFRASTRUCTURE SERVICES IN OTHER PLACES

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The picture offered by research in to practices around Australia and in other countries clearly suggests three general conclusions:

1. That Community Housing sectors in many places face very similar CHO viability and management capacity issues to those raised in the paper.
2. That many sectors have already developed strategies to deal with these issues, particularly including some systematic provision of infrastructure services, covering a very similar range to those mentioned above
3. That sectors without any existing systemic infrastructure services in place are moving to research and develop these services

This strongly suggests that review and the consideration of fresh options in this area is a most timely and appropriate task for the sector in SA. It also demonstrates that, in some respects, the existing provision of infrastructure in SA already provides for services being strongly considered elsewhere.

For the purposes of the remainder of this paper, we will occasionally refer to those organisations providing infrastructure services to CHOs as 'service provider organisations' or '**SPOs**'.

### 6.1 *Examples in Australia*

#### **Common Equity Housing Limited (CEHL); Victoria<sup>14</sup>**

CEHL holds title to all 1590 properties within Victoria's Common Equity Rental Co-operative (CERC) Program; which are leased to individual, volunteer-managed Co-ops. CEHL has a total of 21 staff, including 3 staff dedicated to various management services functions such as bookkeeping and rent management. CEHL provides a range of services to its member Co-ops including:

- Corporate governance training and advice
- Property inspections and asset management services
- CHO management services including finance and rent management, group management and conflict resolution support, legal advice and support
- A limited range of Education & Training services
- Representation and advocacy services
- Public information provision

CHO management services are provided on a fee-for-service basis

#### **South-West Inner Sydney Housing Co-operative (SWISH); NSW<sup>15</sup>**

SWISH is an association registered under the NSW Co-operative Act. SWISH is a housing provider in its own right, but also provides a range of tenancy and property management services to several small CHOs, including:

- Waiting list management
- Allocations
- Asset management and inspections
- Rent management
- Finance management

Services are provided on a fee-for-service basis

#### **Association to Resource Co-operative Housing (ARCH) NSW<sup>16</sup>**

ARCH is the peak body for Housing Co-operatives in NSW. They have recently undertaken research into the need for and possible development of a 'secondary

co-operative' as an infrastructure service provider to Co-ops. Services under consideration for such a SPO include:

- Technical inspections of properties prior to Co-op take-over
- CHO management and administration services
- Financial advice and support
- Joint maintenance services including contractor data base, and a skills bartering system

### **Alliance of Co-operative Housing Organisations (ACHO) Qld<sup>17</sup>**

ACHO is the peak body for Co-operatives in Queensland. They too have been investigating the need for and possible establishment of a secondary co-operative as an infrastructure services provider.

Possible functions/services under consideration for this organisation include:

- Raising finance for capital investment
- Financial management services and training
- A joint investment strategy to cover long-term maintenance expenses
- A common application and induction process for co-op applicants
- Joint insurance purchasing schemes
- A common conflict resolution process

## *6.2 Examples in Other Countries*

### **Co-operative Housing Federation of British Columbia (CHF BC) Canada<sup>18</sup>**

CHF BC was formed by housing co-operatives in British Columbia as a jointly controlled organisation, providing a range of opportunities for shared action and collaboration between member groups. Infrastructure services provided include:

- A common investment pool for co-op funds, to generate higher rates of interest
- A bulk asset management purchasing program
- Legal services program and training
- A land trust to generate new affordable housing stock

### **CDS Co-operatives (CDS) UK<sup>19</sup>**

CDS Co-operatives is the service arm of CDS Housing, a housing association operating in Liverpool. CDS provides services to a range of other housing agencies, including approximately 30 housing co-ops. Services offered include:

- Project development and financing
- Financial management services including rent, book-keeping, budgeting, financial planning
- Tenancy management services including vacancies, rent arrears and nuisance or harassment cases
- Asset management and maintenance services
- Education and training
- Administrative support

### **Research on Service Providers in the UK**

Lambert and Bliss (2001)<sup>20</sup> have conducted recent research into the relationship between 7 major service provider organisations and housing co-operatives in the UK. Their research shows that co-ops in the UK often enjoy access to a wide range of infrastructure services through non-government service provider organisations.

All 7 of the SPOs researched are organisations created, located and/or operating within a community housing-specific context. Several were jointly established by housing co-operatives as secondary co-ops, specifically to provide services. The majority are housing associations that are providers in their own right, as well as offering services to other CHOs. Generally all SPOs offer their services on a fee-for-service basis. Services noted in the report include:

- Finance management
- Rent and rent arrears management
- Asset management and maintenance
- Education and training
- Waiting list support

Mostly, co-operatives make use of services to support their financial and administrative functions, while continuing to manage directly functions such as tenant selection and disputes.

The Lambert and Bliss research makes a number of findings of particular interest to this paper, particularly in relation to providing access to improved services for co-ops. It suggest that, although the co-operative-SPO relationship has been instrumental in sustaining the viability of co-operatives, that this alone is not enough and work to renew the 'vision of co-operative housing' is also required. It strongly stated that the most effective service provider organisations for co-ops are 'unequivocal about [their] commitment to working with co-ops, from [the] governing body to the staff on the ground.' The report concluded that 'Where organisations approach providing services to co-ops as an "add-on" to their main function of being a housing association, this research indicates there have been difficulties. However, where organisations, including housing associations, have approached working with co-ops as an end in itself, and with a desire to held co-ops thrive, the relationship worked well.'<sup>21</sup>

## 7. VARIABLES RELATING TO IDENTIFYING OPTIONS FOR SA

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How then is the range of infrastructure service arrangements noted above relevant to a South Australian context? Clearly, it would seem, many other sectors have in their own ways already recognised that access to high quality infrastructure services are a vital part of sustaining community housing organisations; particularly for the smaller, volunteer-managed groups that offer the sector much of its diversity. This supports the intent of this paper, to highlight the strategic importance of infrastructure services, and to promote a goal of improved 'quality, efficiency, availability and use within the sector of CHO management skills, tools and services'.

Secondly, experience around the world strongly suggests that access for smaller, volunteer-managed CHOs to CHO management services provided by SPOs must be a significant (but not the only) part of our thinking about sustaining the viability and diversity of the sector over the longer term.

Thirdly, in terms of the *range of services* in place, or being contemplated, for infrastructure service providers in other places; it is clear that in SA the sector already has a number of important infrastructure elements in place, and being provided by organisations such as:

- Comhouse (asset management & maintenance)
- CHCSA (representation, advocacy, education & training, CHO support, public information)
- SACHA (education & training, CHO support, design and construction)

Beyond this, it is also the case that services in the areas of CHO management and administration are offered by a range of providers on an ad hoc basis, including private sector providers and CHOs. It appears that the Lutheran Community Housing Support Unit association has moved the furthest amongst larger CHOs in SA in offering these kinds of services to smaller CHOs, including both associations and co-ops. However, in general, this clearly appears as the one area where any form of more systematically structured availability of services is lacking (and of course it is this situation which has led us to identify CHO management services as the main topic of this paper).

Obviously, any contemplated, systemic changes to infrastructure provision must take account of this current context.

Therefore, on the basis of research noted above, and discussions within the CHCSA working group to date, a number of general options appear to be available for improved organisational availability of **CHO management services** to, or within, smaller CHOs:

- Provision by a private sector provider, or providers
- Provision by 'service provider' CHOs; being CHOs with that manage their own housing *and* offer a suite of relevant services to other CHOs
- Provision by a secondary co-operative or another form of non-government organisation (NGO). This could be an organisation established for this purpose, possible through joint action of CHOs. Equally it could be a designated peak body organisation
- Improved CHO-internal access to and use of appropriate, affordable management software tools, with appropriate help desk and training support. (CHCSA has recently published an information booklet on appropriate options and systems available to CHOs.)

Another key set of variables to be considered concerns the spread, scope and variety of SPOs offering such services within our sector. Options here include:

- A single SPO offering CHO management services to all smaller CHOs across the State
- A single designated SPO offering services to all volunteer-managed co-ops, and another for small associations
- A more 'open market' situation, where multiple SPOs (perhaps including several varieties of the above) offer services across the sector, or within specific 'sub-markets'
- Regionally based SPOs, operating within designated areas according to the spread of CHOs across the State

It should also be noted, however, that there is another form of approach, not covered by the above, which certainly pertains to the use of infrastructure in terms of CHO management skills, tools and services, and thus should be considered. In simple terms, this approach lies in the growth of larger CHOs, through a process of *consolidation*. Some would argue a potential here for the maintenance of values such as diversity, democratic operation and localised or need specific services through the use of federal structures. This will be discussed in more detail as one of the options considered below.

The third area of variables to be considered lies with the provision of **CHO community development services**, although this is an area already provided for in our sector to some extent. Assuming this continues, but is open to change, the options for the location and delivery of such services appears to be as follows:

- a) Through SACHA (as mainly occurs now)
- b) Through the CHCSA as peak body (as occurs to a limited extent now, and as was a main function of the peak body prior to funding changes in 2000)
- c) Through SPOs also offering CHO management services

The following options represent some of the likely permutations of the variables noted above, taking into account the constraints noted in section 3 and the risks noted in section 4. However, there is no attempt here to consider issues of the relative financial viability and merit of the suggested options in any detail. Although these are presented as a series of separate options, they are *not intended to be mutually exclusive*. Ultimately, it may be that a combination of these options will emerge as the best course.

## 8. OPTIONS FOR INFRASTRUCTURE DEVELOPMENT IN SA

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So, to be explicit, the options proposed here address the two priority infrastructure issues identified above:

- Firstly, the quality, efficiency, availability and use within the sector of CHO management skills and services in key areas of CHO business
- Secondly, and particularly for housing co-operatives and other small, volunteer-managed CHOs, the quality, availability and use of support services for the development of appropriate internal skills, group cohesion and direction

### **8.1 A single NGO service provider organisation for the whole sector, or major sub-sectors:**

This option proposes that there be only one or two, secondary-level, non-government, non-profit SPOs, offering CHO management services to smaller CHOs across the State. This could be one body, offering services to all smaller co-ops and associations. The other main alternative in this vein seems to be two SPOs servicing smaller co-ops and associations as separate sub-sectors. It remains an open question whether this role might be carried out by an existing CHO, the peak body, or a new organisation established for the purpose in a similar fashion to the sector-driven establishment of Comhouse.

Possible points in favour:

- Judging by the experience of CEHL in Victoria, this may be a viable option to pursue, and not necessarily compromised by being too centralised. In this virtual age, geographic distance would seem not to compromise some of the main functions an SPO can carry out
- A non-profit organisation, located within the sector, would in this sense retain resources (such as fees paid) within the overall sector
- A jointly established and controlled secondary co-op structure has merit in terms of democratic control for the CHOs it services, and this appears in other places to have particular appeal for co-ops. A co-op specific body might be better placed to whole-heartedly embrace co-op values
- The size of such an organisation, and the scope of services could be varied relatively easily, according to demand

- An existing CHO, the peak body, or a sector-based NGO would all be well-placed in this role to understand and embrace sector practices and values
- If undertaken by a larger CHO, this role could enhance their overall management capacity, and reduce the kind of risks identified in section 3

Possible points against:

- Such an organisation/s (if not the peak body) might overlap with peak body functions, or spread infrastructure resources too thinly
- Distance might compromise the ability of the SPO to meet some of its clients needs, such as face-to-face contact or direct support, especially in a time of rising fuel costs; or act as a limit on the kinds of services able to be offered. This might result in reduced or poorer services to country-based CHOs
- Distance issues could also limit the SPO's capacity to foster networking relationships between CHOs at a local/regional level
- A single larger CHO performing such a sector-wide function would take on a very different, 'marked out' role within the sector. Selection of such a CHO might be problematic. It would do little overall to address risks for other larger CHOs as noted in point 4.2

### **8.2 Improved access for smaller CHOs to for-profit SPOs:**

This option proposes that arrangements might be made to ensure better, more reliable access for smaller CHOs to for-profit providers. Members of the CHCSA working group have made mention of the Community Business Bureau as a possible provider in such an enhanced capacity.

Possible points in favour:

- There would be no need to establish any new services, if an existing organisation can be found to 'fit the bill'
- There is a small degree of current use of, and familiarity in the sector with such arrangements

Possible points against:

- Resources are diverted out of the sector
- Private providers might not so easily embrace the kinds of values and attitudes, or have the sector-specific knowledge, highlighted by Lambert et al<sup>22</sup> as important to the service provider-CHO relationship, especially for co-ops
- May be more difficult to control long-term service pricing within a range affordable to CHOs
- Private providers are unlikely to facilitate CHO community development or local networking

### **8.3 Multiple SPOs available to CHOs within a competitive framework**

This option proposes that there could be multiple SPO providers available to CHOs to choose from, possibly including both NGO/non-profit and for-profit, operating within a competitive environment.

Possible points in favour:

- Proponents of competition might suggest that such arrangements would act to constrain service costs to CHOs, and drive efficiencies from providers

Possible points against:

- The limited market for services within the sector is unlikely to support such competitive arrangements, reducing incentives to providers to get involved
- Such a system may be biased against provision of services to country and regional CHOs, if that involves any extra provider costs, relative to metro-based clients

#### **8.4 A regionalised / networking distribution of SPOs**

This option proposes a mainly regional approach, with systematic access for smaller CHOs operating within a particular region to SPOs offering management services, and operating in the same area. Such an arrangement also probably favours existing CHOs as the main SPO providers, but is not necessarily limited to that option. These providers might be selected according to a mix of several criteria, for example:

- Larger CHOs with sufficient internal capacity to function as SPOs and operating within a particular geographic region encompassing an appropriate number of potential client CHOs
- Smaller CHOs, also well-placed geographically, and with the potential and willingness to 'up-scale' into the SPO role
- Newly established SPOs set up and jointly controlled by CHOs within a geographic area

However, this model might also be more of a mixed arrangement, with some SPO-client CHO networks operating on the basis of a shared interest, rather than a geographic area

Possible points in favour:

- The focus on CHOs, and larger CHOs in particular, could address the risks noted in point 4.2, and it would mean that resources deployed to fund/purchase services would be mainly retained within organisations that are also housing providers in their own right
- CHOs in the role of SPOs would also favour SPO awareness of sector practices and values, and co-op values and practices in particular
- This arrangement would allow for CHOs within a particular region, perhaps assisted by the regional SPO, to develop an area focus and identity, and more easily explore options for mutual support, skill sharing, etc.
- This option could allow for higher levels of responsiveness country/regional areas
- SPOs that are also larger scale providers in their own right would find it relatively easy to scale provision of services to the level required

It *may* also be that this regional approach would fit well with the larger strategic directions for social housing provision being considered as part of the current Housing Review (based on CHCSA discussion with senior members of DFC about the Review and implementation of the Housing Plan for SA).

Possible points against:

- Housing associations acting as service providers to co-ops may not be sufficiently attuned with or supportive of co-op ethos and practices
- Government might tend over time to deal more with CHOs acting as regional SPOs rather than with individual smaller CHOs

- it might create an incentive over time for smaller CHOs to amalgamate with larger SPO-CHOs, resulting in a loss of diversity

### **8.5 Infrastructure arrangements for co-ops focused exclusively on CHO management services (versus a wider group/sector renewal focus)**

This is not another option as such, but more of an allied issue potentially applicable to all of the options above. The question is whether any strategic changes in infrastructure arrangements, looking particularly at the needs and viability of co-ops, should focus mainly (or exclusively) on affordable access to CHO management services; or should it also include specific provision for supplementary support to co-ops to renew/shift their community group ethos and directions.

Debate within the CHCSA working group has raised this issue. The former position, in brief, considers that co-ops' main need *for improved viability* is to be able to 'lighten the load' of volunteer responsibility in some of the more technical, time consuming or conflict-prone areas of CHO management. In this light, the availability of CHO management services may appear as the main priority.

The latter view suggests that this is only half the story in terms of the current fragility of co-ops, or a future picture in their long-term viability and health. This view says that any improved management services support must be accompanied with support to strengthen CHO's (and particularly co-op's) internal skills, group cohesion and directions, towards a goal of community development.

If the latter view is adopted, then a further important supplementary question follows. In the UK models researched by Lambert and Bliss, it was in the main the most successful SPOs that were providing both the services as such, and the more direct CHO support; by being well attuned to co-op values, etc. In contemplating changes in SA, and on the basis of current sector make-up, the question must be raised as to whether any such direct support for co-op's internal culture and group skills, as part of a new suite of infrastructure arrangements, should come from designated SPOs themselves, from SACHA, the CHCSA or someone else. What are some of the issues to be considered here?

Currently, SACHA provides the bulk of CHO community development services, although (excluding education and training) these have tended to be reactive to crises within CHOs rather than more pro-active. This has been the case since 2000, prior to which these kinds of services were provided by CHCSA or, previously to that, separate peak organisations for co-op and association sectors. It might be argued that, to continue with SACHA as the provider would be consistent with current arrangements. However, others might argue that this situation creates a conflict between the role of regulator and support provider; and that to vest these kinds of services within the peak body would be consistent with practices in several other sectors around Australia. The CHCSA currently provides some such services, but on a very limited basis due to funding constraints. To vest such services at the notional SPO level might have the benefit of 'dovetailing' CHO management services and community development services; an arrangement that Lambert and Bliss have found conducive to good outcomes. However, in a relatively small sector such as ours, particularly if it involves multiple SPOs, this could be seen as unnecessary duplication.

### **8.6 Consolidation of the sector into larger CHOs employing federal structures**

This option proposes the consolidation of many (or all?) CHOs into larger bodies, either association or co-op, but with the use of 'federal' legal structures to enable continued limited autonomy for smaller groups within the larger entity. This is a model that has been considered in the Scottish sector, where the Scottish Federation of Housing Associations has published a set of model rules for such federal structures<sup>23</sup>. In simple terms the model proposes consolidation of property ownership, control and some management functions within larger community housing entities, but with the use of localised or interest-based area associations that elect their own area committees to take on some management and decision-making functions at that level<sup>24</sup>.

Possible points in favour:

- Such larger structures could extend on the already-achieved development of a number of larger CHOs in SA
- Federal structure could maintain some degree of localised management and control, within simpler overall governance arrangements
- Could fit well with a regionalism approach as discussed above
- Such practices are already undertaken by some of the larger, State-wide CHOs

Possible points against:

- Such arrangements might better suit associations than co-ops. Co-ops under such arrangements could lose vital elements of direct control and self-management
- Such a step would be a fairly radical departure from the structure of the SA sector as it is now.
- Larger structures would, in the longer term, detract from the strengths of Community Housing as a localised, community-based housing response

### **8.7 Improved access for smaller CHOs to appropriate CHO management software**

This may be seen as a separate area of infrastructure provision and work, that could happen in parallel with any or all of other activities contemplated in this paper. Thus it will not be considered further here. As mentioned, the CHCSA has been undertaking some research in this area, and has published an information booklet on available software. SACHA has also done recent research into levels of IT use within the sector.

## **9. THE CHCSA PREFERRED OPTION FOR INFRASTRUCTURE DEVELOPMENT IN SA**

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Having considered the range of issues involved, the CHCSA Policy Committee provisionally supports the development of infrastructure according to the following model, which incorporates features from a number of the option areas discussed above.

The CHCSA preferred model is for the sector to develop sector-wide availability of affordable CHO management services on a regional / network basis. This means arranging for SPOs (mainly) to operate within and service geographic regions, with boundaries set so that each region contains a sufficient pool of potential CHO 'customers'.

However, where a case can be made for it, we see that this general arrangement could also accommodate SPO-CHO 'networks' based on a common interest, rather than geographic area.

We see the prime candidates for the role of SPO as being existing CHOs, although this would not necessarily rule out the formation of new secondary co-op structures within a particular area or network, if that were the strong desire of the CHOs involved. The identification and selection of these regional CHO/SPOs could be an opportunity for some minor consolidation; but also for a more defined, rational structure of larger CHO areas of operation.

Within these geographic regions, and other potential networks, we believe there should be a strong focus on renewal of smaller CHO's internal capacities, skills and directions, where that is required. We see this as an on-going process supported by the CHCSA, in co-operation with the relevant SPO (assuming available funding), and as happening in two main ways:

- Facilitation of networking, skill and resource sharing between CHOs within a region or network, ideally supported by common access to an appropriate community facility for meetings, education and training, social gatherings, etc
- Direct support to individual CHOs, particularly co-ops, to use the opportunity of being able to 'off-set' some management tasks to the SPO, in order to renew and rebuild their internal culture and capacity, and more effectively manage internal problems

We see that the SPOs' suite of CHO management services would be taken up on a voluntary basis, according to individual CHO needs, and set down in written agreements between SPO and client CHO. We favour a fee-for-service funding arrangement, with two caveats:

- Smaller CHOs must have sufficient funds available within their regular funding to be able to purchase the services required, without putting any further impost on tenants beyond the current rent-to-income limits. This is a need already explicitly recognised by SACHA in the new funding agreement proposed for volunteer-managed associations. However, it has not been recognised within the proposed new arrangements for housing co-operatives. We believe co-ops should enjoy similar provisions as for smaller associations, and where those funds are not used for the purchase of services, they can become available as 'incentive' funds for voluntary management activity, to be saved and expended on an agreed range of housing improvements, particularly in the area of environmental retro-fitting.
- CHOs moving into the SPO role may require some initial up-front funding support, in order to establish the capacity to provide the range of services required.

We believe this model has a number of potential positive features:

- It can constructively address the risks identified for both small and large CHOs; providing needed services to support small CHO stability *and* offering an avenue for some larger CHOs to build internal capacity
- It can provide for co-operative relationships between CHOs small and large, co-op and association, on a regional basis, enabling greater sectoral responsiveness to the changing needs of tenants
- It brings together the two key elements of availability of CHO management services, with supplementary CHO community development services, and locates the latter within the sector - in the peak body - in a manner consistent with Community Housing practice in many other sectors in Australia.
- It would retain funding and build capacity within the sector itself

- It can sustain the diversity of the sector and value the autonomy of smaller organisations, while offering greater efficiency and consistency in some key areas of CHO management
- It vests the SPO role in organisations likely to understand and be sympathetic with the issues needs and values of smaller CHOs, especially co-ops
- It is an arrangement which we anticipate would fit very well with the strategic directions being considered for social housing as a whole in SA, under the Housing Plan for SA. Here, as we understand it to date, there is strong consideration being given to regionalised delivery of social housing services, through 'Housing Services SA' service centres<sup>25</sup>.

## 10. THE CHCSA PREFERRED OPTION FOR A PILOT INFRASTRUCTURE PROJECT

Notwithstanding our preferred model, however, the CHCSA believes that a pilot project in this vital area must, to the maximum extent possible, assist the sector and Government to consider the full range of options. Given the potential significance of some of the changes considered here, we also see a pilot project as a most useful investment in active, sector-engaging research into infrastructure issues, before any system-wide changes are instituted. However, obviously it must be something done within financial constraints, and without committing to whole new directions simply in order to test them.

For these reasons the CHCSA favours a pilot project with the following general features:

- An identified SPO, offering a range of CHO management services to a pool of at least 15-20 potential 'client' CHOs
- A project time frame allowing for a full 12 months of service availability, preferably corresponding to a financial year
- An established CHO selected to act as SPO according to specified criteria, including: appropriate internal capacity, 'access' to an appropriate pool of potential clients, and understanding of the needs and values of housing co-operatives
- Project funding enabling:
  - The initial establishment of the project, including service availability through the SPO
  - Subsidised services offered to 'client' CHOs, thus requiring them to pay only a nominal fee
  - Supplementary community development support services offered through the CHCSA
  - Further research and sector consultation, including direct assessment and reporting of project outcomes
  - Shared access for participating CHOs to an appropriate community-based facility or facilities, enabling joint meetings and/or networking activities as part of the project

We see that such a pilot project approach is necessary to test options canvassed in this paper, particular where these options are argued as particularly suitable to SA's future needs and the structure of our sector, or propose approaches not reproduced in other places. It would also be inappropriate, for example, to adopt a piloting approach requiring the establishment of a new organisation altogether, such as considered under 8.1.

We see it as essential that any pilot project test the delivery of both CHO management services and supplementary CHO community development services, in order to weigh the relative importance of these two infrastructure elements in enhancing future CHO viability. We do not see this as a de facto commitment to any particular model, but as a necessary step to ensure a pilot project investigates a full range of salient elements.

Similarly, we see that smaller CHOs involved in the pilot project should be considered as research participants, reflecting on their own experiences as the project proceeds; thus the need for a 'networking' dimension of the pilot project is reinforced.

We believe a funding structure enabling a CHO to act as SPO, and for smaller CHOs to participate, without enduring any financial penalty, is essential to the project's viability, and to CHO participation. To structure the project, for example, on a 'full' fee-for-service basis (as envisioned for the longer-term) would, in our view, strongly compromise the participation of smaller CHOs. These groups would, after all, be being asked to participate and take up use of particular services, and otherwise be active as project participants, without knowing if those services or any other project arrangements would be continuing in the longer term. However, we think a minor fee would be appropriate to give the project sufficient 'realism'.

Notwithstanding any of the above, the CHCSA is committed to working with the Pilot Project Working Group as established, to develop a detailed project brief.

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