



# Submission to the Senate Inquiry into the role, importance and overall performance of cooperative, mutual and member-owned firms in the Australian economy

30 June 2015

## About Co-operation Housing

Co-operation Housing is the only registered community housing provider in Western Australia whose primary objectives are to support and develop successful, self-managing residential communities based on the housing co-operative model, and to grow the state's housing co-operative sector.

This submission focuses specifically on rental (common equity) housing co-operatives, as opposed to other models (which include full equity and shared equity).

## About rental housing co-operatives

Rental housing co-operatives offer an affordable, sustainable alternative to both public and private housing for people on low to moderate incomes, with a range of independently documented economic and social benefits to tenants, government and the broader community (Arthurson et al., 2004, 'Labour Force Benefits of Community Housing: Preliminary Report', Southern Research Centre, Australian Housing and Urban Research Institute; Onyx, 2008, 'Co-operative Housing and Social Capital', presentation at Living Co-operatively Symposium, Sydney, 13–14 February 2008, [www.mercury.org.au/lc/outputs.html](http://www.mercury.org.au/lc/outputs.html)).

In a rental housing co-operative, all property is owned by the housing co-operative as a whole, or by some other central body, such as a government or non-government housing provider. Individual residents (tenants) do not own their dwellings, but rent them from the co-operative or other central body.

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## Co-operation Housing

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Tenants live in separate dwellings but voluntarily work together to manage and maintain all buildings, grounds and tenancies. They form committees to oversee each of these areas, and facilitate any training or skills development required to enable all tenants to serve effectively on these committees.

The rental income generated by the housing co-operative is pooled and used to cover all of its operating costs, including the cost of any external services or tradespeople required. This means that the entire burden of property and tenancy management, maintenance and administration is borne by the tenants themselves, with no external management or financial support required from government or other agencies.

In this way, the tenants together meet their own ongoing needs for affordable, quality and sustainable housing. From this solid base of secure housing combined with capacity development, tenants are better able to fulfil their potential and contribute to the society in which they live more broadly.

Rental housing co-operatives do more than provide physical shelter to those in need: they create sustainable communities of socially responsible renters. Co-operation Housing is committed to offering more low- to moderate-income-earning Western Australians the opportunity to access this popular model of affordable housing.

## **The importance of rental housing co-operatives and their contribution to the Australian economy**

As an alternative to public housing for tenants on low to moderate incomes, rental housing co-operatives have the following advantages.

### **> No ongoing financial support required**

Other models of affordable housing rely on the government or other housing provider to maintain the properties on an ongoing basis. In a rental housing co-operative, all rental income generated by the co-operative is pooled and used to cover all of its operating costs and maintenance costs. This work is carried out or facilitated by the tenants themselves, who form committees to manage the maintenance of all buildings and grounds. Any surplus funds are set aside and invested to provide for long-term maintenance, development and growth. This eliminates the need for ongoing financial support from government or other providers.

> **No property or tenancy management required**

Similarly, other models of affordable housing require the external management, maintenance and administration of properties and tenants by government or non-government housing providers or managing bodies. Under the rental housing co-operative model, all of these responsibilities are borne by the tenants themselves, who form committees to manage each of these aspects of operation and management. Compliance reporting to government ensures that they are being carried out effectively.

> **Development of social capital**

All tenants of a rental housing co-operative are required to actively participate in the management, maintenance and administration of the co-operative. To enable their effective participation in these duties, appropriate training is facilitated by the co-operative as required. This results not only in the development of tenants' capacity to carry out these tasks, but in the development of transferable skills and experience that are more widely applicable, better equipping tenants to contribute to the broader community as a whole.

Being jointly responsible for the management, maintenance and administration of their own housing also fosters a broader sense of social responsibility among tenants, and promotes confidence and dignity. Having secure and affordable accommodation further allows tenants to better focus on their employment, education and other life goals.

> **Stronger, healthier, more socially sustainable communities**

Independent research has shown that tenants of housing co-operatives consistently report strong feelings of belonging, ownership and empowerment, and consequently display very low resident turnover, very low levels of antisocial behaviour, and pride in their homes and gardens, including willingness to maintain them in good condition both during their tenancy and upon property vacation (Arthurson et al., 2004, 'Labour Force Benefits of Community Housing: Preliminary Report', Southern Research Centre, Australian Housing and Urban Research Institute; Onyx, 2008, 'Co-operative Housing and Social Capital', presentation at Living Co-operatively Symposium, Sydney, 13–14 February 2008, [www.mercury.org.au/lc/outputs.html](http://www.mercury.org.au/lc/outputs.html)). Conflicts are managed internally through formal, established conflict-resolution procedures, and diversity is actively lived and promoted as tenants from a range of backgrounds work together for a common purpose, supporting each other and leading to greater respect for and appreciation of their complementary strengths.

## **Current barriers to growth**

Currently, the rental housing co-operative sector in Western Australia suffers from a lack of both public awareness and government support.

Co-operation Housing regularly holds public engagement events at which audience members from the broader community are surprised to discover that there are existing rental housing co-operatives operating in their area, and that these are simply self-managed communities of public renters, rather than resembling the stereotypical ‘communes’ associated with the 1960s and 1970s. Greater awareness of what a housing co-operative (rental or otherwise) actually is would go a long way towards broadening public acceptance, support and engagement.

However, even when these things have been achieved, when members of the wider public have approached us to ask how they might apply to join an existing rental housing co-operative or become involved in establishing a new one, we are unable to offer them much because for the past couple of decades there has been very little government support for growing the rental housing co-operative sector.

This needs to change. As discussed above, rental housing co-operatives offer a highly desirable alternative to public and other models of affordable housing for people on low to moderate incomes, with significant economic and social benefits to tenants, government and the broader community.

In the current climate of housing unaffordability and associated housing stress and homelessness, renewed government support for, promotion of and – most importantly, investment in – more rental housing co-operatives for the most vulnerable members of our community is now more critical than ever.

**Rebecca Hicks**

CEO

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