



Benefits of Housing Cooperatives and the Present Barriers to Growth in Western Australia

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Introduction

The purpose of this report is twofold. After providing an overview of the development of housing cooperatives in Western Australia, it firstly reviews the benefits of housing cooperatives for individuals as tenants, for the communities in which housing cooperatives are situated and then to the wider society. Secondly, the document also explores and seeks to explain the lack of progress over the last decade or so in the development of the housing cooperative model in Western Australia. The preparation of the report has arisen in response to a request by Scott Ludlam, Australian Greens Senator for Western Australia.

This document has been prepared at a time when several new initiatives in Western Australia are influencing the housing cooperative sector. After many years, the state government has introduced the Cooperatives Act WA (2009) which is anticipated will be operational by mid 2010. For the first time in Western Australia, housing cooperatives will be able to incorporate via this Act rather than under the Incorporated Associations Act (1987). Incorporating under an act dedicated to cooperatives helps reinforce the cooperative identity for members and the wider community. Of great significance, the act will enable housing cooperatives to use the word 'cooperative' in their name, which again will help strengthen a pride in being part of the cooperative movement.

In early 2010 the Western Australian housing cooperative sector, incorporated Co-operation Housing, a non-profit company limited by guarantee. Emanating from policy changes in the state Department of Housing, Co-operation Housing will evolve to have a much broader mandate than that associated with social housing. Co-operation Housing, owned by its member housing co-operatives, will be the vehicle to manage the growth of the sector within the current social housing agenda as well as develop new models and opportunities for housing cooperatives in the wider community.

There is a growing voice calling for sustainable alternatives in housing, which can be well demonstrated by housing cooperatives. Pinakarri Community is widely known as a living example of a housing cooperative formed around a deep commitment to sustainable living. As sustainable living within the context of global changes gains greater prominence, the sense of belonging associated with housing cooperatives will find a strong voice in the community.

Collectively these developments make this document a timely contribution towards strategies to develop the housing cooperative sector, whilst concurrently understanding the challenges facing it.

Background

As of 2010, the Western Australian cooperative housing sector comprises nine housing cooperatives, eight of which are members of the peak body, the Federation of Housing Collectives. Five are located in metropolitan Perth, mostly clustered around greater Fremantle. Four are in rural Western Australia: three in the south west/great southern region and one in the northwest Kimberly region.

Collectively, the housing cooperative sector comprises about 90 houses and provides homes to about 200 people.

The housing cooperatives in Western Australia are predominantly non-equity cooperatives (also referred to as rental or common equity cooperatives), and are part of the state government's social housing framework. However, unlike community housing, cooperatives are self managed by the tenants and adhere to a principle of 'security of tenure'. Tenants are required to comply with the Department of Housing's income criteria and meet the Department's regulatory and compliance regime, in the same manner as other community housing providers.

Concurrently, tenants self manage their housing cooperatives according to the relevant international principles of cooperation. The dual obligations arising from the social housing regime as well as being an active participant in the international cooperative movement can lead to some tensions. These will be expanded upon in a later section.

With the exception of one housing cooperative, a *Deed of Trust* governs the legal relationship between the housing cooperatives and the Department. The housing cooperative is the registered owner on the land title with a caveat on the title established by the Department of Housing. Though never tested, housing cooperative ownership of the asset appears to be secure.

The other housing cooperative has a twenty-one year *Head Lease* agreement with the Department. This cooperative has a different approach as the local council also has a proprietary interest in the housing cooperative under a joint venture agreement with the Department.

As the caveat on the titles of the housing cooperatives prevents any individual housing cooperative from being able to raise mortgages to fund future growth, the sector is severely limited in its options expansion.

Evolution

The development of the housing cooperative sector in Western Australia is linked to various social movements in the 1970s and 1980s interfacing with different levels of government exploring new social housing policies, driven predominantly by the Commonwealth government. These factors, compounded by a rental crisis in the early 1980s, triggered an interest in the community about the housing cooperative model as a solution to the rental problem.

Fremantle has and continues to attract many people actively involved in the movements for social and political change that emerged during the 1960s, often based on the concept of collectivism. By the early 1980s, the historically working class port city of Fremantle was becoming gentrified. This resulted in a steep decline in the availability of rental housing and a demand driven hike in rents well beyond the affordability of many Fremantle tenants. Thus, the combination of a rental-housing crisis and a local politics compatible with cooperative principles lead to a decision to propose a housing cooperative to Fremantle residents.

In 1983, a group explored the establishment of a housing cooperative in Fremantle, the First Fremantle Housing Collective, with funding from the Local Government and Community Housing Program (LGACHP). This program, initiated by the Commonwealth in 1983, tied a proportion of funding to the states to 'community housing' projects. The

funding was to be used to 'purchase, construct, lease or upgrade dwellings for low cost rental housing ... managed by local government, housing cooperatives (including tenant groups) and other non-government groups' (LGACHP Program Guidelines).

In mid 1985, a government based Cooperative Housing Advice, Information and Support Service (CHAIS) was established to promote the growth of the WA housing cooperative sector. This was replaced in 1987 by a peak body, the Federation of Housing Collectives (FOHCOL), funded to represent and resource the housing cooperative sector.

In 1993 the LGACHP was superseded by the Community Housing Program (CHP). The guidelines and conditions under the CHP were very similar to those under LGACHP but the change signalled the beginnings of a shift away from cooperatives as the favoured model. The 'National Cooperative Housing Conference (1985 to 1992) became the 'National Community Housing Conference' with housing cooperative content becoming increasingly marginalised over subsequent years.

The growth of the WA housing cooperative sector came to a halt when the Howard Liberal Government, soon after taking office in 1996, 'untied' CHP funding. This meant that the state was no longer obliged to continue channelling dedicated funds to cooperative housing. The State Advisory Committee was disbanded and Homeswest become the sole decision maker about housing cooperatives.

In 1999, there were 13 housing cooperatives in Western Australia with a total of 113 properties housing approximately 200 people. Nine of these were metropolitan cooperatives. Many of the first housing cooperatives were established as seed cooperatives with the expectation that the individual cooperatives would expand over time. At that time, several embryonic housing cooperatives were at various stages of development.

While the last housing cooperative was completed in 1999, no new cooperative housing cooperatives have been funding since 1997. FOHCOL, whose funding had been declining over several years, was finally de-funded in 1999. The impact of the 1996 change of Federal government and the historical reluctance of the state Department of Housing to support the model accounts for the lack of growth from 1997.

From the late 1990s, housing cooperatives have been vulnerable with a significant fall in functioning housing cooperatives. By 2010, there are nine housing cooperatives with about 90 houses, five of which are located in metropolitan Perth. Former housing cooperatives have been absorbed into the community housing sector. Embryonic housing cooperatives still emerge and interface with FOHCOL but, to date, are unable to move past the conceptual stage.

As follow up funding for the initial cooperatives did not eventuate, most of the remaining Western Australian housing cooperatives have stayed small, with less than twelve dwellings. As a result, some of the nine housing cooperatives struggle to undertake housing cooperative tasks within members' available time. The Victorian housing cooperative model demonstrates that the optimal size for an individual housing cooperative is twenty properties. Twenty houses enable members to share and undertake on a voluntary basis all the necessary functions of managing a small non-profit organisation. Of significance to Western Australia, the Victorian empirical experience also suggests that housing cooperatives with less than twelve properties remain very

vulnerable in regards to their financial position and managing critical incidences that may arise from time to time.

Despite the declining number of housing cooperatives, inspections of the stable and matured housing cooperatives reveal a highly successful model of housing. Tenants anecdotally report many positive experiences and opportunities for personal growth arising from their involvement in the cooperative. These advantages of living within a housing cooperative are expanded upon below.

Benefits of Housing Cooperatives for Tenants, the Community and Society

Housing cooperatives offer tangible benefits for individuals, including access to affordable housing, flexibility, financial and social return, and stability. Housing cooperatives also often have a ripple effect on a community, and leverage broader community benefits such as an enhanced level of trust among neighbours, and increased civic participation. All these benefits translate into the development of an economically stronger and more socially engaged community. Housing cooperatives are good community neighbours.

Recent research (released in 2009) by the independent United Kingdom Commission for Co-operative and Mutual Housing confirms the individual, community and societal benefits of housing cooperatives. The sector has been largely forgotten by UK housing policy makers since the 1980s. The Commission was launched in 2008 to research the English co-operative and mutual housing sector and to draw conclusions about its relevance in the current environment to national housing strategy.

The Commission found that cooperative and mutual housing has been consistently producing a range of benefits. Marked by above average resident satisfaction ratings, confirmed by Government research as being significantly higher than other types of housing, independent research also showed that service provision statistics are generally as good as, if not better, than the best of other housing providers. The Commission showed that this is because the people who live there democratically own and/or manage their homes, taking responsibility and feeling a sense of belonging, identity and ownership.

The Commission has called for an aim to be set that by 2030, each town, village and community in the UK should be able to offer cooperative and mutual housing options to potential residents. (Bringing Democracy Home, Commission for Co-operative and Mutual Housing, United Kingdom, 2009)

More than Public Housing

The fundamental advantage of the housing co-operative model is that it is based on self help and mutual responsibilities for tenants. Housing cooperatives are a positive way to address issues of welfare dependency and diminishing self esteem often levelled at various forms of social and public housing. Housing cooperative tenants are proud of

their status as cooperative members and embrace the volunteer aspect of self managing their own cooperative.

Housing cooperatives are a superior way to live interpersonally. The cooperative is a buffer against isolation by providing personal support and development to members participating in the processes to manage the cooperative. Isolation and its prevention is a significant factor in determining the health and wellbeing of the broader community. In the long term the positive impact of cooperative living on mental health and dependency issues, currently at the forefront of social debate especially for youth, could be hugely beneficial.

Sense of Ownership

The philosophy of housing cooperatives engenders a sense of ownership amongst members. The benefit of this is twofold, firstly members are not only permitted but actively encouraged to invest their own equity (usually 'sweat' equity) to improve their properties. Secondly the sense of ownership generally results in a house proud culture amongst cooperative members which is evidenced by the high standard of maintenance of housing cooperatives. Housing cooperatives are outstandingly well cared for and as a result, the Department's maintenance budgets are reduced because of members' involvement and commitment to maintaining their own homes.

The self managing aspect of housing cooperatives translates into considerable savings for the state. The cost to the department of a housing cooperative house is significantly lower than that of a public housing house.

Community and Civic Building

The economic security of a housing co-operative often leads to an increased level of engagement, not only in the cooperative but also in the community at large. By definition tenant members of a housing cooperative become part of the cooperative community. This ensures that people come together in a structured environment that offers both a sense of belonging as well as the potential for strong mutually beneficial links. Several cooperatives have expanded their social networking to include other forms of mutual assistance such as childcare, bulk purchasing and meals and assistance to aged or disabled members.

The democratic nature of housing cooperatives and the concept of one member one vote provides a lived example of participating in a democracy. This experience can carry over to the wider society, encouraging individuals to participate in the political processes in a knowledgeable manner at the local government, state and federal levels.

While co-ops are often considered by tenants in terms of their financial advantages, the social benefits of co-op living are often cited by co-op members as the most valuable aspect of living in a housing co-op. By working together as a community, the cooperative structure provides numerous opportunities for neighbours to know and support each other, building "social capital" while enhancing the quality of life for co-op residents.

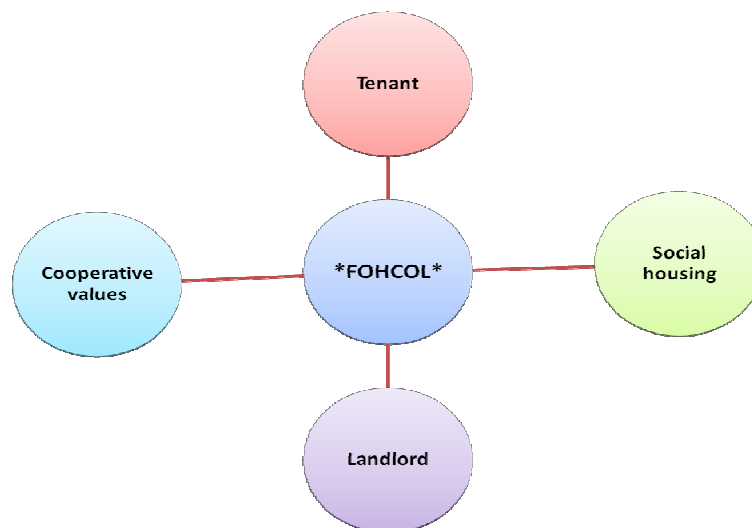
Skills Development

Housing cooperatives require its members to volunteer their own time to effectively run their housing cooperative in a manner similar to a small business. As a result, participation in a housing cooperative develops the skills and confidence of individuals. Numerous examples are available of how this transfers to other aspects of tenants' lives, including gaining employment, enrolling in further education or undertaking roles of responsibility in other community organisations. Many cooperative residents cite the skills they have learned from being on the co-op management committee as giving them valuable and transferable professional skills.

The stability in housing arising from being part of a housing cooperative has led to parents being able to ensure stability in schooling for their children, leading in some cases to off spring moving to tertiary education.

Impediments to the Expansion of the Housing Cooperative Sector in Western Australia.

Housing cooperatives in Western Australia can be conceptualised on two intersecting axes. One axis comprises the dual roles of being part of the international cooperative movement while simultaneously belonging to the social housing framework. The second axis involves the twin relationship of being both a landlord and a tenant when a member of a housing cooperative. (Refer to Diagram 1)



[*FOHCOL* also represents education (including CHCWA) and training, with Face2Face gatherings, yearly conference and also the newly formed Co-operation Housing (Homes for Sustainable Communities).]

Diagram 1 – Tensions in decision-making for housing cooperatives

The interactions of these two axes can produce tensions for housing cooperative members as they negotiate their way individually or collectively through the different and sometimes conflicting roles.

This conceptual map can assist in exploring barriers to housing cooperatives in Western Australia. These barriers can be further analysed at the macro, Australian and Western Australian levels.

Macro Inhibitors to Housing Cooperatives – the cooperative movement axis

At a broader socio-economic level, a significant inhibitor to cooperatives is a general paradigm shift of privileging individualism, corporatism and managerialism within a capitalist system. This implicitly discourages collective responsibility to, and communal sharing toward, economic and social problem solving. This paradigm shift has essentially removed the option of a cooperative response to issues by policy makers and significant institutions such as the banking, legal and property sector. As a result, in Australia there is a lack of knowledge of cooperatives generally and housing cooperatives in particular by the wider community, public policy makers and other institutions.

Issues within Western Australia

A small window in the 1980s led to the development of housing cooperatives in Western Australia, with a coalescing of community initiatives, public policy and funding. Unfortunately, the subsequent decades have demonstrated that in Western Australia, the initiative was not sustained and developed as originally envisaged. The sector has not been able to maintain the momentum to ensure that government policy works in sympathy with it to create an effective development, support and advice framework to allow housing cooperatives to reach the potential the model is capable of achieving. The outcome is a winding down of the model as a strategy for social housing.

This can be contrasted directly with the successful and enduring application of the housing cooperative model in the United States, Canada, various European countries and the United Kingdom. In these countries, housing cooperatives are normalised as mainstream strategies to contribute to the overall housing mix within the community.

Perceptions about the Western Australian housing cooperative sector among those associated with social housing tend to be strongly held, whether they are for or against the model. Based on anecdotal evidence over two decades, it appears that a common perception held by officers within the Department of Housing about the housing cooperative sector is that housing cooperatives do not work and that they need to be 'bailed out' by the Department, consuming vast amounts of resourcing in the process.

It is unfortunate that the actions of some tenants of housing cooperatives may have contributed to the Department's views. For example, there have been instances of individuals who have become disenchanted by their experience with a housing cooperative housing taking their grievances to the Department. Additionally, some housing cooperatives have failed to acknowledge, or seek help early on from FOHCOL in the resolution of a problem. These cases can reinforce previously held views by officers

within the Department, possibly to the extent that the views have become internalised and institutionalised within the organisation as the norm of housing cooperatives.

These alleged perceptions held by the Department require deeper analysis. Are the arguments against housing cooperatives valid or are they isolated and non-repeated examples which have tarred the sector across the board?

As evidence of the housing cooperative's sector capacity for self reflection, a number of factors that have been raised in discussions within the sector, or between representatives of FOHCOL and officers within the Department, are considered below.

Philosophical Tensions between the Social Housing framework and the International Cooperative Movement

Tenant members of housing cooperatives can experience conflict in their obligations. On one hand they are obliged, as a result of being part of the social housing system, to meet Department of Housing criteria. On the other hand, they are also under a philosophical obligation to implement the international cooperative values and principles. While these two obligations are not necessarily incompatible and can usually be resolved, at other times it can lead to some tension for members.

The process of tenancy selection can illustrate this tension. A cooperative needs to ensure that a new member fits the culture of the cooperative yet under the social housing agenda the main focus is towards reducing the ever expanding public housing waitlist and that the potential tenant meets Homeswest eligibility.

The concept of mutual self help is a cooperative value and actualised as voluntary tenant self management. Yet from a social housing perspective, voluntary self management is viewed as a significant weakness of the housing cooperative model, on the basis that volunteers cannot be controlled or trusted to undertake this role.

Housing Cooperative Model is Unworkable

The tension arising from linking the housing cooperative model with the social housing framework has led to some forming the view that housing cooperatives do not work.

Criticisms of the housing cooperative model tend to arise when housing cooperatives are viewed through the lens of social housing and 'public housing' concepts. A commonly voiced criticism is that there is a conflict of interest inherent in the concept of 'tenants as landlords'. Another is a criticism concerning volunteer workers and the issue of 'control', particularly ensuring that the work is carried out appropriately. Linked to this is a criticism that housing cooperatives comprise tenants who choose to live in housing cooperatives do so for lifestyle considerations, that the tenants are too articulate and well educated and as a result should be able to manage in the private rental market. Ironically, the personal growth experienced by many tenants within housing cooperatives, such as confidence building, skill development and increased opportunities to pursue further study as a result of stability of housing, are the very things that some use to judge housing cooperatives unfavourably. Additionally, it is alleged that the quality of housing is too high and well located to fit into the social housing agenda.

These views reflect a significant lack of understanding of the underlying principles of housing cooperatives. They also reflect a mindset by those that hold them that constructs tenants in social housing as 'victims' within a welfare paradigm and who should therefore behave in this way. In contrast, tenants in housing cooperatives, while also meeting Department criteria and often experiencing life challenges similar to other public housing tenants, have chosen to empower themselves by seeking to be part of a housing cooperative.

As summarised above, the model is successfully applied internationally to a variety of housing situations with significant personal, community and wider social economic benefits.

Housing Co-operatives are a Time Bound Relic of the 1970s

Housing cooperatives in Western Australia have been criticised by some as a 'left over' from the 'hippy days' and by implication are not relevant to present day circumstances.

The modern international cooperative movement has its genesis in the Industrial Revolution. Modern era cooperatives in their various forms, from the Industrial Revolution to the present, have developed in response to a need in the community that has not been met via the existing structures within society.

The origin of the Australian housing cooperative movement arose from the social and political movements that evolved from around the 1960s and 1970s. The first housing cooperatives in Western Australia in the 1980s were established in response to a rental crisis at that time.

Interestingly, a similar set of circumstances exist presently. The lack of social housing coupled with very high rents in the private rental market and very high private sector house prices have contributed to significant pressure points in rental accommodation in contemporary Western Australia. This is the classic form of market failure that stimulates interest in housing cooperatives as a strategy to address rental crisis.

Recent research in the UK demonstrates that housing cooperatives perform well as an arm of social housing, with significant benefits for individuals and the community at a lower cost to government. It is evident that housing cooperatives are as relevant now as a mechanism to address the rental crisis problem as it was during its 1980s establishment phase.

Disproportionate use of Department of Housing resources

Criticisms have been levelled at the housing cooperative sector along the lines that although the sector is small, it absorbs a disproportionate amount of the Department's resources.

Housing cooperatives are self managed entities and effectively self regulate. This is evidenced by the low rent arrears, the high standard of financial management and the capacity of members to manage the administrative demands of a not for profit organisation on a daily basis. The high level of maintenance and quality housing directly attributable to co-op tenant/members' voluntary efforts also demonstrate the minimal cost to the state in having housing cooperatives as part of the social housing mix.

The housing cooperative sector has achieved financial and tenant satisfaction and well being benchmarks that the wider public housing sector would envy. This can be contrasted with the state public housing system that has not been able to limit rent arrears or ensure a high standard of maintenance in the housing stock under its control. Unlike the housing cooperative sector, the public housing sector has not been able to contain conflict or anti-social behaviour amongst its tenants.

It is evident that the highly regulated public housing sector is not a successful model and offers minimal long term future gains for the community or the individual. The public housing model traps tenants into a welfare mentality, often isolates them from the broader community through societal judgments or location in low socio-economic suburbs away from resources and does not give people the skills or tools to move out of poverty.

Financial Risks Associated with Tenant Self-Management

Housing cooperatives have been criticised on the basis that there is a possibility that rents retained by the cooperative could be misappropriated or badly managed. Unlike other areas of social housing, housing cooperatives retain the member rents, and direct these funds primarily towards property maintenance and improvements and to develop the sector. Significant funds have accrued over time that are managed by members who volunteer for this portfolio within their cooperatives.

To ensure the best use of these accumulated funds, the sector has developed the Cooperative Maintenance Trust (CMT). The CMT provides a secure, well managed, member controlled and accountable investment vehicle for moneys set aside by housing cooperatives for their long-term maintenance needs. This strategy has been promulgated by the community housing sector as an excellent approach for small community housing providers to manage their accumulated funds.

Evidence within the sector demonstrates that the housing cooperative sector's management of its funds is prudent and results in timely maintenance of its properties.

Tenancy Self-Management

An area of concern for some is that housing cooperatives are able to select new tenants, leading to the charge of favouritism in tenant selection.

Housing cooperative members self manage the entire suite of tenancy issues, such as wait lists, tenancy selection, rent collection, and tenancy termination. A housing cooperative has the right to select its own tenants. All prospective tenants of housing cooperatives must do is meet Homeswest eligibility criteria to be considered a potential tenant. Each housing cooperative has policies and procedures for tenancy selection and management, with inbuilt appeal mechanisms to work through tenancy management disputes.

Given the low vacancy rates within housing cooperatives, selection of new members to occupy a house occurs relatively infrequently. Often new tenants are already part of the cooperatives existing community networks and as a result may already be previously known to current

members. This can lead to a criticism of preferential treatment associated with selecting new members.

It is acknowledged that tenancy selection is fraught for housing cooperatives. Tenant selection is undertaken by the membership with a significant degree of solemnity. As the cooperative is membership based the selection of new members is one of the most important decisions a cooperative can make. Compatibility with the existing culture of the housing cooperative and a commitment to cooperative principles is essential to ensure that its capacity for voluntary self management continues.

As with all forms of social housing assistance, getting a house in a housing cooperative is highly competitive. Those who are unsuccessful in securing a house can feel aggrieved and may take their grievance to the Department. This in turn can reinforce existing negative perceptions within the Department about housing cooperatives.

Disputes within Cooperatives

Housing cooperatives, as with most not for profit organisations, are organic organisations that rely on participation and democratic decision making. Inevitably there will be some disagreements and personality clashes within cooperatives. There is the predictable politics and at times manoeuvring for positions either for perceived gain or the status that comes with being an office bearer. In this regard housing cooperatives are no different from any other form of small voluntary organisation such as sporting clubs, school committees or service organisations. Whilst occasionally the rivalries within groups can be debilitating, common sense says that over time active democratic control does generally produce balanced outcomes.

There are some other manifestations of the above problem such as perceived bullying in cooperatives whereby more knowledgeable or more assertive members are deemed to control cooperatives. The democratic process within cooperatives may also result in inexperienced or occasionally inappropriate members volunteering or being appointed to perform office bearer roles within the cooperative.

Summary of Impediments

The preceding section has explored a range of criticisms of or impediments to the development of the sector in Western Australia. Some are structural, such as diminishing the potential of the model as a viable option within a capitalist framework. Some are related to the immaturity within the sector itself as it works towards an increased professionalism. A significant impediment is misconceptions of the sector by influential external stakeholders. These misconceptions have mostly arisen from a lack of understanding of the philosophical basis of the cooperative housing model, a persistence to view the model via a social housing lens, or a negative 'one-off' experience that has been generalised to the entire sector.

The analysis of these issues within this paper seeks to allay concerns about the criticisms while simultaneously address the real impediments to future growth.

The Future

The Western Australian housing cooperative sector is fully cognisant of the issues that have limited its growth. However, the sector contains an irrepressible belief in the value of this form of housing for the community. It carries a sense of responsibility that it must ensure that future generations are able to benefit from the model by preparing the ground now for this expansion.

To achieve this the sector wishes to continue supporting the important role of social housing in Western Australia. Non-equity (also referred to as common equity or rental) housing cooperatives have provided many tenants with very positive and life changing experiences. The model much potential for the social housing framework and must be included in future public housing strategies as an option for this form of housing.

Concurrently, the sector is aware that the housing cooperative model has a strong future outside of the social housing agenda. Other forms of housing cooperatives are being explored. Of interest are the shared equity and full equity housing cooperative models.

Alternative Models

In addition to the rental or non-equity housing cooperative model, other models of housing cooperatives operate internationally. Two alternative models are described below.

The first is full equity housing cooperatives. In a full equity housing cooperative, the venture is fully funded by the members through their personal capacity to raise money, or the cooperative's capacity to raise a mortgage. The housing cooperative is formed via an incorporated structure, such as a cooperative company, and the member may buy or sell a membership or share in the housing cooperative at the going market price. Purchase prices and equity accumulation are very similar to the private market. This model is independent of the public housing sector.

Of greater interest to FOHCOL is the shared equity housing cooperative model, as it contains a connection with housing for people on low incomes. The housing cooperative is incorporated and members have a share in the entity. Funding may be from more diverse sources, such as a mix of private and public funding. The housing cooperative may have been established with grants or other benefits that enable the housing to be more 'affordable' to both the founding and future residents. Members can also fund raise within the community to develop awareness of what they are trying to achieve – a permanent home. The co-op has rules regarding pricing of shares that when sold that will restrict what outgoing members can get from sale of their shares. These rules maintain the housing cooperative's focus on affordable housing. This model is relatively independent of the public housing sector.

FOHCOL is exploring the potential of shared equity housing cooperatives within Western Australia. The journey will be a long one, as the peak body educates potential members, and various stakeholders, such as politicians, the legal, banking and housing developers about this alternative way of owning and managing housing.

Conclusion

This paper reviewed the genesis of housing cooperatives within Western Australia and their benefits within communities. It discussed at some length a number of factors that have contributed to the lack of growth in the non-equity rental housing cooperatives in Western Australia. Some of these factors are at a broader level, such as a lack of awareness of housing cooperatives in the general community by a range of institutions and public policy makers. Other factors are a number of criticisms that have been directed towards the sector and have led to lack of public policy support and funding.

The Western Australian housing cooperative sector acknowledges that there are examples of failings in cooperation among co-op members. However, the paper attempts to demonstrate that structural barriers and perceived criticisms of the model in Western Australia provide a stronger explanation for the lack of growth in the sector.

Strategies employed in other Australian states have ensured that there is a sufficient critical mass within the housing cooperative sector for future growth. These strategies include state departments of housing funding the sector to establish overarching companies limited by guarantee to consolidate the sector and implement growth strategies. This also involves the state Departments of Housing transferring unencumbered house titles to the cooperatives. This in turn has enabled the housing cooperatives to mortgage the houses to raise additional funds to purchase or construct more houses within the cooperatives.

The main argument of this paper is that entrenched misperceptions of the housing cooperative model have contributed significantly to its current position. The paper further argues that these perceptions have largely been based on anecdotal evidence or particular one off events. An inescapable conclusion to explain the lack of success in expanding the sector is that the Department of Housing is a key barrier to the expansion of housing cooperatives in the state. The sector seeks to be fairly heard and supported by the Department of Housing to work cohesively in expanding the housing cooperative sector in response to community interest.

Clearly, policy makers working in the area of social housing are struggling to meet the demands from the community for affordable housing. This paper may help develop their understanding of housing cooperatives as a viable alternative to the dominant housing options available in Western Australia. Public policy makers in Western Australia would benefit from exploring the housing cooperative model as a mechanism to address housing at various levels, such as social housing, aged housing, disability housing, regional housing and single household housing among others as an alternative to the mainstream strategy of individual mortgages for housing.

The present size of the Western Australian housing cooperative sector means that it is facing a challenging future. Despite this, the sector is working diligently with its limited resources to ensure that the sector has a future. The continued and sustained member funding of the peak body, the Federation of Housing Collectives, and the recent incorporation of Co-operation Housing illustrates this. The exploration of alternative housing cooperatives models outside of the social housing agenda and their related funding options promise a more diverse future for the sector.

Active support at a public policy level is a key factor to assist the sector achieve what is possible as demonstrated internationally and in other Australian jurisdictions.

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