

HOW CAN WE MAKE AFFORDABLE HOUSING WORK: HOW CO-OPERATIVE HOUSING CAN CREATE SUSTAINABLE MIXED COMMUNITIES

Slide 1 Introduction/ Preface

Kathy Arthurson (Urban Policy and Research, Vol. 20, N°3, September 2002) offers a thought provoking critical analysis of whether social mix is a necessary condition for building inclusive communities and whether policy-makers are over-emphasising the extent to which social mix assists regeneration. Her recent work emerges in light of the resurgence of interest in creating 'mixed' income communities as a strategy for tackling social exclusion and inequality.

Whilst personally having some difficulty in agreeing with all of Arthurson's somewhat more than sobering critique, I think it provides a very useful preface and forewarning as regards any claims that a uni-lateral approach in social-engineering might provide to situations that are already highly contrived and out of control. In this respect Arthurson's paper serves to balance the hyper on "social mix".

This presentation looks to raising awareness of a number of elements that might contribute to sustainability, including social mix and it also looks at the broader view on social mix in terms of integration within mainstream communities. Specifically, it offers examples from co-operative housing models of community building which may be valuable to other areas of policy making.

The findings in this presentation are based on professional experience with the model of co-operative housing in NSW. General comments are made from observation and feedback, data from OCH, data from private research, and from a commissioned literature review and research on international housing co-operatives, undertaken by the Australian Centre of Co-operative Research and Development (ACCORD), for ARCH in 2001. In Northern Europe, there are now 10.5 million housing co-operatives in operation from which the Accord Study has been able to draw its research findings.

Slide 2 What is Co-operative Housing?

A housing co-operative is a democratically controlled enterprise formed to meet the housing needs of its members.

People unite voluntarily to meet common economic, social, and cultural needs and aspirations.

Slide 3 About the Co-op Model in NSW

Refer to slide, then

In the NSW Co-operative Housing model is very small scale and based on tenant-managed rather than mixed equity models. “Social mix” is identified as only one component that *may* contribute to long-term social housing sustainability. It is important to emphasise that under this model **co-op members select the income mix within the co-op**. It is not something that has been socially engineered from above. Nor are people planted into geographic areas to form a pre-conceived notion of *appropriate* salt and peppering. It is questionable also, as to whether *income mix* is the same as *social mix*, given that within a co-operative people may be strongly allied socially but belong to different economic or income strata.

Social Mix and Sustainable co-op Communities

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1. The income and skills mix in the co-op is by **deliberate choice**. Tenant/members perceive mutual benefits in meeting common goals. Income mix **helps with ongoing economic sustainability**.

The primary goal is that of **meeting housing need through affordable solutions**; **Economic survival** is a key driver in people coming together to form a housing co-operative; breaking down isolation; counter-acting social and economic exclusion and discrimination that is prevalent in the private rental market; maintaining ties of commonality whether they be based on language culture or other forms of mutual identification.

The co-operative housing sector in NSW is extremely diverse, targeted primarily to high needs, but also reflecting people with a high level of drive and aspiration for their community and more often than not, with high aspirations for their children’s future.

Co-operative housing, communities often come from situations of social and economic hardship, discrimination and exclusion. **Co-operators strength lies in their sense of solidarity**, in the linkages they have made with other like-minded people. The literature highlights that **Co-operatives are** concerned not simply with housing, but with creating what Sazama (2000) refers to as “new **human institutions**”.

Theoreticians like Robert Putnam (2000) suggest that, co-operatives offer **opportunities to engage in ways that create networks of trust and reciprocity (social capital)**, and that these provide the basis for local community regeneration and enhanced personal health and well being.

Social Mix and Sustainable Co-op Communities

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If you look at the members of a co-operative, or look at their housing, **it is unlikely that you can tell who is of what social or economic mix**. You won’t tell by the way people engage with each other, nor by any aspect of status ascribed to their dwelling unit, nor by

their involvement with the co-operatives social activities or involvement in the local community. This contrasts with comments by Athurson whose findings in social mix neighbourhoods point to “ a lack of everyday interaction between lower income social housing tenants and home owners”, described as “more mobile and more detached from their localities”.

Slide 6 Factors Influencing success and ability to deliver Broad Benefits

Social/income mix within co-operative communities represents a more egalitarian structure. The polarity is less marked. Each member is required to engage within the community through some form of voluntary effort that will support the co-op. Those on higher incomes cross subsidise those on lower incomes by paying higher rentals. Each member has one vote, regardless of economic contribution. Co-operative communities are **based on reciprocity and mutual alliances between strong and weak.**

A number of key factors influence co-operative success and the ability of co-operative housing sectors to grow and deliver broad community benefits. These include: **the opportunity to recruit socio-economically diverse tenant groups with a genuine desire to participate**; it also includes adequate financial and organisational support; approaches which manage risk while recognising co-operative autonomy; and government structures that both support and acknowledge the distinct contribution of co-operative housing.

Slide 7 Contributing to viable and sustainable communities

Point 1 Whilst collaboration occurs for economic benefit it also extends well beyond: Bulk shopping, transporting of kids, exchange of home grown vegetables, cleaning bees, sharing of meals but also care to those more vulnerable, children of working parents (particularly if a parent is doing shift work), care to aged or sick members. For many of our NESB co-ops food is the greatest link to its community, particularly if someone is not well, but also to celebrate, interconnect, share between households. It breaks down barriers and is a well-found ingredient to sustainability because it symbolically represents much more than eating.

When trust and reciprocity break down, the co-operative’s capacity to function can be seriously undermined. This is more so the case with co-ops than with any other form of social housing.

Point 2 Creating sustainable housing environments relies to some extent on the degree to which people are able to anchor into a community, identify with networks

and collective activities, participate in the growth and direction of broader community decisions and environmental issues.

Point 3 A number of co-ops, have been proactive in making connections, actively engaging neighbours in issue-based activities or social events. Members are often engaged in social causes, political causes, local government, school P& C's, volunteer campaigns (such as Cleaning Australia, Greening Cities), public art, public education and environmental issues.

Comment:

Our data, feedback and observation suggests that there is a strong trend of engagement in local activities and a commitment to making a difference.

What is important here is that **social housing members are able to identify with and contribute to the more broadly 'mixed' community.**

Community engagement within the local neighbourhood is a recurring theme amongst many co-operators and may reflect a process of re-integration with their communities of choice.

Slide 8 Mixing with the Broader Community

Our observations suggest that co-op members are often strongly committed to their locations of choice, identify with the locale, with social or cultural networks, with key **infrastructure and therefore opportunities** that would otherwise not be available: proximity and access to jobs, transport, education and relevant infrastructure, critical to members identification and integration with the values of that community.

Security of tenure, affordability, a capacity for continuity and stability within identified locations of choice form a vital link to ongoing sustainability and a commitment to that community.

Stigmatisation works against integration and sustainability. In an interview with Tongan families, one co-op member who had lived in a number of social housing environments stated that she felt she was, "treated as a low lifer and a bludger". She went on to say

People have no right to treat you differently, whether you are on a mortgage, renting privately, or renting publicly.

In responding to whether she felt at home in a co-op house she stated,

Yeah I do. **I think basically that the neighbours don't know if it's a co-op or not. I didn't want neighbours to know. I offered to pay for the fence knowing that the co-op would reimburse. But no, this is my home!**

Importantly, for integration to occur within a mixed community it is critical that social housing tenants **status and housing are not demarcated as “different”, that housing blends with the local environment.** It is also important that people are **able retain a degree of privacy and anonymity** (this has been significantly advantageous to community housing in general).

A further point is that tenants **are able to exercise a degree of control over the decisions surrounding their home environment, urgent repairs are able to be dealt quickly.** Tenant/members have the capacity to act on issues in the same way that an owner would. In a well functioning co-op they are **able to deal with maintenance negotiations fast, without disclosure or loss of dignity,** regardless of income. This is a key issue.

From our observation, it would seem that the capacity to mix successfully relies to some extent on the perceived connections to that community and a readiness to identify with, belong to, and contribute to the community.

Often stability allows for better connections with education and the employment opportunities and better integrate into mainstream. It also provides a higher level of income mix and greater capacity for cross-subsidisation and borrowing.

Slide 9 Recognising Diversity as a Key to Future Success

Co-operative housing in Northern Europe has earned credibility through its relationships of partnership with both financial institutions and government. The historical context and timing, has allowed for maximisation of growth. Its financial viability has depended on income/social mix.

In Canada and northern Europe, mixed-income co-ops are also able to benefit from shared equity with loans subsidised by Government relative to affordability.

In the current model in NSW the incentive of ‘title and equity’ is not available and the model is still heavily targeted to high needs.

Co-operatives work best where they encompass a mix of skills and (generally) incomes. They have been successful at enabling people who cannot afford to buy their own home to achieve some of the benefits of ownership. In this respect, co-operative programs can be most effectively used in a way that combines broader housing affordability objectives with addressing the needs of potential public housing tenants.

Our research highlights that there is “a profound problem that arises from the failure of the current program to recognise and reward the voluntary efforts of co-operative housing managers. There is a basic inequity in a program that asks tenants to fulfil the functions

of housing managers, but fails to address their basic needs for security of tenure and greater control of housing assets and surpluses.

Within the current NSW program, there are strains emerging in the sector arising from the administrative load on co-operators, some of which is probably disproportionate to the size and nature of the co-operatives.

NSW housing co-operatives are concerned about their ability to continue to draw on a mix of skills and incomes to maintain the sustainability of their organisations.

In order for mixed models of this nature to succeed and become sustainable, appropriate incentives of title and equity need to reflect volunteer effort and financial capacity for contribution.

Whilst partnerships with Government and financial institutions can manoeuvre finance for future housing development, we should also be looking at incentives where co-op savings or surpluses are traded for equity-shares and where people's effort and management is appropriately rewarded with a stake-hold in the assets.

In seeking to enhance the existing program opportunities that allow for social mix, genuine partnerships between government and the sector need to be developed, and an effective balance between risk factors and community autonomy must be struck.

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