

Paper for National Housing Conference 2005

Workshop for afternoon session Thursday 27 October “Challenges for Public & Community Housing – Community Housing session”, coupled with a paper from SACHA.

Paper Title: Common Equity Housing Ltd. – the Victorian Experience.

Presenters: Clive Summers ~ Community Development Coordinator, Common Equity Housing Ltd., Melbourne;
Two Co-presenters ~ members of the housing program, still to be selected.

Format: It is envisaged the workshop would be presented as a PowerPoint presentation, with all three presenters speaking to various elements, followed by a question and answer session.

Content: A series of 11 slides, as follows:

Slide 1 More than just housing – the Common Equity Housing experience in Victoria.

Slide 2 Names and brief biographical notes of presenters.

Slide 3 Core Facts about the CERC Program

- State-side housing program, supported by the Victorian Government;
- Established in the late 1980's;
- Continued funding from the State of \$5 million p.a. paid as a rental rebate;
- Growth funding from 1986 to 1995, small one-off amounts since;
- Consists of a parent company, Common Equity Housing Ltd. (CEHL) and 111 Housing Cooperatives, Common Equity Rental Housing Cooperatives (CERC's), spread throughout the state;
- CEHL holds title to around 1600 properties;
- The 1600 properties are headleased to the CERC's, who are responsible for tenanting and maintaining them;
- The properties are all let to members of the CERC's, that is, you must be part of the cooperative to be housed;
- CEHL employs staff to manage the finances, the larger maintenance items and train, support and monitor the CERC's.

Slide 4 Core Financial Facts

- State government, through the Office of Housing, pays rental rebates, for all tenants on reduced income, bringing their rent down to 25% of their income;
- The Office of Housing rebate is around \$5 million per annum;
- Rebates average \$3,000 per property;
- The rebate is paid in a lump sum to every CERC each 3 months;
- All costs of the program are met by this single subsidy;

- \$3.5 million of this amount services loans;
- The CERC's operating costs and the company structure, CEHL, are supported by the \$1.5 million remaining plus the rentals paid by the tenants;
- Voluntary tenancy management saves over \$2 million per annum;
- CEHL owes \$47.5 million in loans in 2004 (reduced from \$55 million in 1997);
- \$8 million program funds invested in new housing stock since 1997;

Slide 5

CERC's

- Self-managing, independent legal entities, registered under the Cooperatives Act and accountable to the Registrar of Cooperatives;
- 111 CERC's, varying in size from just six houses to 23 houses;
- Approximately half in greater Melbourne, remainder in regional Victoria, either in the main centers of Geelong, Ballarat, Bendigo or Shepparton but also scattered throughout small rural townships;
- Run entirely by the members themselves, unpaid volunteers, who are both members and tenants of the CERC;
- Each CERC is responsible for selecting its own members, letting the houses to themselves, maintaining the houses, managing their finances, collecting the rent, paying CEHL a monthly rent etc.;
- Vary considerably in their internal cultures – a cross-section of Australian society; all member/ tenants must qualify for public housing when they join the CERC (although this wasn't part of the criteria initially);
- Some Melbourne CERC's have particular target groups, either ethnic or special needs.

Slide 6

Member/ Tenant's experience

- Everyone is a member and tenant of the CERC;
- Good quality housing, no outward appearances of "social housing";
- Attend meetings, as a general member, about once every two months, and commonly involved in sub-committee work;
- Meetings usually take an hour or so, discussing CERC business – maintenance, vacancies, recruitment, finances, rental arrears etc.;
- Board of Directors, usually 5 or 7 members, meet each month, manage the CERC;
- Running a small business – income varies between CERC's, but commonly \$100,000⁺ per annum;
- Inactivity as a member can result in cancellation of membership – with immediate loss of rebate and eviction at the end of the tenancy agreement;
- Long-term stable membership, annual turn-over is around 7%, many CERC's going several years without a vacancy.

Slide 7

Member/ Tenant experiences

Positives:

- Good quality housing;
- Affordable rent that adjusts to income changes;

- Membership of Cooperative, sense of belonging and empowerment;
- Responsibility, control, decision-making and involvement;
- Quality maintenance;
- Skill development – administration, accounting, property maintenance;
- Stability – chance to put roots down;
- Like-minded fellow members;
- Opportunity to be involved in the central company, through committees and the CEHL Board, and the wider housing sector.

Negatives:

- Meetings every few months, for years and years;
- Non-professional landlord;
- Unpaid work for the CERC, sometimes long hours;
- High or unrealistic expectations by fellow members or CEHL;
- Few members doing all the work for years, others just coasting;
- Many applicants not interested in CERC, just cheap housing;
- Dealing with bad members/ bad tenants;
- Rental arrears management.

Slide 8

So why “More than just housing”?

- Lots of unskilled, under-educated members;
- Ideal program for single parents – the CERC’s are overwhelmingly female;
- Bonding and friendships;
- Skill development, every CERC rotates the role of Chairperson, Secretary, Maintenance Director, Finance Director, Rents Officer etc.;
- Administering business with income \$100k p.a., some CERC’s have reserves of \$200k plus;
- Manage their own tenancies and maintain the houses;
- Decision-making authority – “Do we have sufficient funds to install air conditioners? What’s the cost? Which type? Should we stagger that over 3 years? How do we pick which houses are in the first batch?”
- All done by volunteers, with support from CEHL staff;
- Ideal training ground for those seeking paid work – small projects, accountability, teamwork, good meeting management, self-confidence, education, financial planning, computer skills, deadlines, responsibility etc.

Slide 9

Challenges facing the program

- Lack of continued growth funding with increasing demand as house ownership becomes unrealistic for an increasing segment of the population;
- Changing needs of member/ tenants, with aging membership;
- Burn-out by older members, with reluctance of younger members to pick up responsible roles / Refusal of older members to let newer members have real responsibility;
- Aging housing stock – increasing maintenance costs;

- Uncertainty around the imminent loss of the rebate subsidy from Office of Housing and consequent switch to Commonwealth Rent Assistance;
- Frustration of prospective members at low turnover of houses and difficulty of getting into a CERC;
- Some, few, cases of fraud – disastrous in some cases for the individual CERC and bad for the image and reputation of the program;
- Unfashionability of co-operative housing, with an increasing push for more professional management of non-governmental social housing.

Slide 10

Are we letting the inmates run the asylum?

- The CERC's fund and "own" the parent company CEHL – each CERC owns a single share in the company and there are 111 shares;
- The board of CEHL is five CERC members and four "Technical" directors;
- The program has run successfully for twenty years;
- 1600 families housed, in good quality housing, at affordable rents with long term stable tenancies;
- 22 full time staff in CEHL provide the admin. for the program;
- Many, many stories of how the program has been one of the best things to happen to people – often people who have had difficult lives;
- Most CERC's report a small surplus each year, so funds across the program are slowly accruing;
- CEHL achieves a surplus each year, re-investment in new developments and debt retirement continues;
- So if the inmates are running the asylum, they're doing okay!

Slide 11

Victoria's CERC program

- A great track record of self management and tenant empowerment (even if we do say so ourselves).